

CONTRACT # CPO
SPO

☐ Waiver

Agenda Date _____

DEPARTMENT Planning and Development Department CCR: _____

CONTRACT SYNOPSIS

CONTRACTOR

NAME: Paradise Valley Real Estate Holdings, LLC

ADDRESS: 479 Ledyard Street, Detroit, MI 48201

NOF Public Service – Living Wage Ordinance Does Not Apply

WHAT FORM OF COMPETITION

Request for Proposal (RFP) #

DID THE DEPARTMENT ENGAGE

Request for Quotes (RFQ) # _____

IN TO OBTAIN THIS PROFESSIONAL

Request for Qualifications (RFQQ) # _____

SERVICE CONTRACT: Public Advertisement Notice

If there was no competition obtained, explain why:

Grant Funded Contracts are not subject to competitive bidding. City Council budgets awards for specific activities and organizations. However, Construction Contracts are subject to competitive bidding

PROJECT:

Type of Funding and %: 100% Federal Funding

CONTRACT

AMOUNT: \$900,000.00

CONTRACT

PERIOD: TWENTY FOUR (24) MONTHS FROM THE START OF A NTP.

ADVANCE

PAYMENT N/A

BRIEF

DESCRIPTION: ED Direct Financial Assistance to For-Profits LMA Businesses

REASON FOR DELAY: N/A

CITY OF DETROIT
DEVELOPMENT AND LOAN AGREEMENT
BY AND BETWEEN
THE CITY OF DETROIT
AND
PARADISE VALLEY REAL ESTATE HOLDINGS, LLC
a Michigan limited liability company
for the construction, renovation and rehabilitation of the
1452 Randolph Street Rehabilitation Project

REAL TIMES MEDIA NATIONAL HEADQUARTERS PROJECT

**PARADISE VALLEY REAL ESTATE HOLDINGS, LLC
DEVELOPMENT AND LOAN AGREEMENT**

THIS DEVELOPMENT AND LOAN AGREEMENT (this “**Agreement**”) is entered into as of June 28, 2013 between the **CITY OF DETROIT**, a Michigan public body corporate acting by and through its Planning and Development Department located at 2300 Cadillac Tower, Detroit, Michigan 48226 (the “**City**”), and **PARADISE VALLEY REAL ESTATE HOLDINGS, LLC**, a Michigan limited liability company (the “**Obligor**”), whose address is 479 Ledyard Street, Detroit, Michigan 48201, for the purpose of setting forth the commitments given by each of the above parties with respect to a transfer of Community Development Block Grant (“**CDBG**”) funds from the United States Department of Housing and Urban Development (“**HUD**”).

WITNESSETH:

WHEREAS, Obligor owns and/or has enforceable options to acquire certain parcels of land identified by street address as 1452 Randolph Street in the City of Detroit, County of Wayne, State of Michigan and intends to rehabilitate and reconstruct the building located at the said address to serve as the National Headquarters of Real Times Media Corporation (the “**1452 Randolph Street Rehabilitation Project**”); and

WHEREAS, the Obligor wishes to borrow from the City and the City wishes to make available to Obligor from the proceeds of the City’s allocation of CDBG funds the amount of Nine Hundred Thousand and 00/00 Dollars (\$900,000.00) (the “**1452 Randolph Street Rehabilitation Project Loan**”) to be used by Obligor to effect the necessary rehabilitation and reconstruction; and

WHEREAS, HUD has determined that the City’s use of a portion of the City’s allocation of CDBG funds to effect the necessary rehabilitation and reconstruction is a permitted use of CDBG funds pursuant to 24 CFR Sections 570.203(b), 570.208(a)(4) and 570.209 for economic development activities, and the City has made application to and received HUD approval to amend the City’s existing CDBG Action Plan to permit the loan of CDBG funds in the above stated amount to Obligor for the purposes described herein-above in this Agreement; and

WHEREAS, Obligor, for and in consideration of the City’s use of CDBG funds to fund in part the rehabilitation and reconstruction of the building located at 1452 Randolph, has offered to pledge and grant a security interest in the collateral described in the Mortgage attached hereto and the Security Agreement in the form of **Exhibit C** attached hereto, both dated of even date, (collectively, the “**Collateralized Property**”) including the filing of a UCC Financing Statement with the Secretary of State; and

WHEREAS, the City will benefit from the economic development activity generated by the loan of a portion of the City’s allocation of CDBG funds to reconstruct, and rehabilitate the said building by the generation of personal and business income taxes and an increase in property taxes; and

WHEREAS, the 1452 Randolph Street Rehabilitation Project is expected to stimulate private investment and serve as a catalyst for further development in the Paradise Valley area of Detroit, an area with depressed economic activity; and

WHEREAS the Obligor declares that the Real Times Media Corporation's use of the building, upon completion of its rehabilitation, is expected to result in a sufficient number of full-time equivalent jobs to meet the public benefit requirements commensurate with the amount of CDBG funds being provided hereunder as necessary to satisfy the jobs creation standards set forth in 24 CFR 570.209; and

WHEREAS the Obligor agrees to oversee the process used by Real Times Media Corporation in the hiring of the jobs newly created by said corporation as a result of their occupancy of the rehabilitated building as necessary to ensure that at least 51% of said full-time equivalent jobs will be taken by persons who are low- or moderate-income persons, as required at 24 CFR 570.208(a)(4); and

WHEREAS, the City Council has determined that the Project and the aforementioned expenditure of public funds in connection with the Project will serve a valid public purpose; and

WHEREAS, the City desires to lend to Obligor, and Obligor desires to accept from the City, the 1452 Randolph Street Rehabilitation Project Loan funds upon and subject to the terms and conditions set forth below in this Agreement.

NOW THEREFORE, in consideration of the premises and undertakings herein set forth, the parties to this Agreement hereby covenant and agree as follows:

ARTICLE I TRANSFER OF FUNDS

1.01 Financing the Total Development Cost. It is estimated that the total development cost for the 1452 Randolph Street Rehabilitation Project will not exceed Two Million Seven Hundred Twenty Six Thousand Thirty One and 00/00 Dollars (\$2,726,031). Obligor proposes to finance the proposed rehabilitation and reconstruction in part through the use of the 1452 Randolph Street Rehabilitation Project Loan Funds, equity contributions, and Other Financing (as defined below). Attached hereto as **Exhibit D** is a budget (the "**1452 Randolph Street Rehabilitation Project Budget**") setting forth proposed sources and uses of funds for the rehabilitation and reconstruction of the building that is the subject of the 1452 Randolph Street Rehabilitation Project.

1.02 1452 Randolph Street Rehabilitation Project Loan and Terms. The 1452 Randolph Street Rehabilitation Project Loan Funds shall be transferred and loaned by the City to Obligor pursuant to the CDBG Loan program to assist in the financing of the 1452 Randolph Street Rehabilitation Project Improvements. The 1452 Randolph Street Project Loan will be evidenced by, and repaid in accordance with, the terms and conditions of a promissory note from Obligor in favor of the City in substantially the same form as attached to and made a part of this Agreement as **Exhibit E** (hereinafter the "**1452 Randolph Street Rehabilitation Project Note**"). In accordance with the 1452 Randolph Street Rehabilitation Project Note, the principal amount of the 1452 Randolph Street Rehabilitation Project Loan shall accrue interest at 1.0%,

compounded annually, commencing upon the date that Obligor receives the proceeds of the 1452 Randolph Street Rehabilitation Project Loan or any part thereof and ending four years after such dates.

1.03 Proper Expenditures for CDBG Loan Funds. The 1452 Randolph Street Rehabilitation Project Loan shall be used only to pay for costs and expenses associated with or arising in connection with the 1452 Randolph Street Rehabilitation Project as specifically set forth in the 1452 Randolph Street Rehabilitation Project Budget.

1.04 Security for CDBG Loan Funds. At the Closing (as defined in Section 1.06 below), Obligor shall execute the 1452 Randolph Street Rehabilitation Project Note (**Exhibit E**), the Mortgage (**Exhibit B**) and the Security Agreement (**Exhibit C**) granting the City a security interest in the Collateral referenced and described therein, together with any additions or substitutions therefor associated with the 1452 Randolph Street Rehabilitation Project. City acknowledges and agrees that the Mortgage will be subordinate to those mortgage liens encumbering the Collateralized Property for the benefit of the commercial construction lender as well as those mortgage liens in favor of the Detroit Economic Growth Corporation and the Invest Detroit Foundation.

1.05 Conditions Precedent to Closing and/or Funds Disbursement. The obligation of the City to close this transaction and transfer and disburse any portion of the 1452 Randolph Street Rehabilitation Project Loan is subject to the satisfaction of the following conditions precedent (collectively, the “**Conditions**”):

- (a) Delivery of the Mortgage in the form specified in **Exhibit B** and the Security Agreement specified in **Exhibit C**, to evidence the City’s security interest in the Collateralized Property.
- (b) Written evidence that Obligor has secured and/or has a credible plan, acceptable to the City, for obtaining other financing (“**Other Financing**”), in addition to the 1452 Randolph Street Rehabilitation Project Loan, in the total sum of at least One Million Eight Hundred Twenty Six Thousand Thirty One and 00/00 Dollars (\$1,826,031) from Other Financing sources identified on the 1452 Randolph Street Rehabilitation Project Budget.
- (c) Reasonable determination by the City that the combined amounts of the 1452 Randolph Street Rehabilitation Project Loan and Other Financing are sufficient to meet all of the reasonably estimated costs set forth the 1452 Randolph Street Rehabilitation Project Budget.
- (d) Resolutions and certifications that all individuals entering into, executing and delivering the 1452 Randolph Street Rehabilitation Project Loan Documents (as defined below) are properly authorized to enter into, execute and deliver said documents.
- (e) Proof that Obligor has obtained hazard and general liability insurance policies insuring the 1452 Randolph Street Rehabilitation Project Improvements against loss and hazards included within the term “broad form and extended coverage”

and such other hazards as the City may require, in such amounts as the City may reasonably require but not less than the replacement cost for the 1452 Randolph Street Rehabilitation Project Improvements and other Collateralized Property, if any, acquired with 1452 Randolph Street Rehabilitation Project Loan proceeds, which coverage shall be maintained, at Obligor's sole cost and expense, throughout the term of this Agreement. Said insurance policies shall be effected through insurers rated at least AA by a national rating organization, issued by an insurer of recognized responsibility and registered to do business in the State of Michigan and acceptable to the City and shall name the City as an insured to the extent of its security interest in the Collateral and as its interests may appear.

- (f) Proof that all taxes, whether real or personal, assessed against the Collateralized Property and against any and all other property owned by Obligor and located within the City of Detroit have been paid.
- (g) Delivery to the City of a fully executed contract, reasonably satisfactory to the City, for the person or entity responsible for overseeing construction activities associated with rehabilitation and reconstruction required to complete the 1452 Randolph Street Rehabilitation Project Improvements, and, if applicable, delivery of a fully executed construction contract, reasonably satisfactory to the City for Obligor's general contractor.
- (h) As a condition to disbursement, evidence of all permits required for the proper construction of the 1452 Randolph Street Rehabilitation Project Improvements obtained from the City of Detroit Building and Safety Engineering Department or other governmental departments responsible for issuing licenses or permits in connection with the Improvements.
- (i) Written opinion of Obligor's counsel that all persons entering into, executing, and delivering documents in connection with the transactions contemplated under this Agreement were properly authorized to enter into, execute and deliver them, that they are enforceable in accordance with their terms and that each and every entity executing documents in connection with the transaction is legally authorized to do business in the state of Michigan to the extent applicable.

1.06 Closing. Within ten (10) days after the full and complete satisfaction of the Conditions, Obligor and the City shall proceed to a closing to be held at a mutually agreeable time and place (the "**Closing**"). At the Closing, Obligor shall duly execute and deliver the following documents to the City (collectively, the "**1452 Randolph Street Rehabilitation Project Loan Documents**"): (i) the 1452 Randolph Street Rehabilitation Project Note; (ii) this Agreement; (iii) the Mortgage; (iv) the Security Agreement; and (v) such other documents as the City may deem reasonably necessary to evidence and/or secure the 1452 Randolph Street Rehabilitation Project Loan in accordance with this Agreement.

ARTICLE II REQUIREMENTS

2.01 Completion of the Improvements. Obligor shall use the 1452 Randolph Street Rehabilitation Project Loan proceeds pursuant to all the conditions set forth in this Agreement (including, without limitation, the exhibits attached hereto). Notwithstanding anything stated herein, Obligor shall make all expenditures of the 1452 Randolph Street Rehabilitation Project Loan proceeds in accordance with the HUD Regulations (at 24 CFR Part 570 and elsewhere as applicable). Obligor covenants that it shall complete the 1452 Randolph Street Rehabilitation Project Improvements and commence the operation thereof (i) in a timely manner substantially in accordance with City approved Plans and the Budget for construction and installation of the 1452 Randolph Street Rehabilitation Project Improvements, and (ii) substantially in compliance with all applicable laws, regulations, codes and ordinances.

2.02 Certificate of Completion. Obligor shall notify the City when construction of the 1452 Randolph Street Rehabilitation Project Improvements is complete. Such notice shall contain certifications or documentation necessary to establish completion that is compliant with all applicable laws, codes, ordinances and regulations and that all funds advanced hereunder were expended for eligible costs related to the Project. When the City is satisfied that the Improvements have been completed in all material respects in accordance with this Agreement, the City's Planning and Development Department shall issue a certificate that Obligor's obligations with respect to completion have been fulfilled (the "**Certificate of Completion**"). The date of issuance of the Certificate of Completion shall be the beginning date of the three year period during which Obligor must fulfill the employment obligations that are a condition of this loan.

2.03 City's Right to Conduct Audit. At the written request of the City, Obligor shall permit the City to review evidence of the expenditures made pursuant to this Agreement to finance construction as required to effect the 1452 Randolph Street Rehabilitation Project Improvements and Obligor will promptly reimburse to the City an amount equal to any portion of 1452 Randolph Street Rehabilitation Project Loan proceeds found to have been improperly used by Obligor.

2.04 Obligor Operations. Obligor covenants that during and upon completion of construction of the 1452 Randolph Street Rehabilitation Project Improvements, Obligor will, for the duration of the 1452 Randolph Street Rehabilitation Project Loan, comply with all the terms and conditions of the 1452 Randolph Street Rehabilitation Project Loan Documents, HUD Regulations and any and all other obligations set forth in loan documents and other documents pertaining to Other Financing used by Obligor to construct the 1452 Randolph Street Rehabilitation Project Improvements. Obligor will comply with all (i) applicable building, fire, licensing, health, sanitation, historic preservation, environmental protection, rent control, land-use, subdivision and zoning ordinances and regulations promulgated by any national, state or local governmental body, agency or division having jurisdiction over the Property, (ii) the organizational documents of Obligor, and (iii) all restrictions or other encumbrances affecting the Obligor's ownership interest in the Collateralized Property pledged as security under the Collateral Assignment.

2.05 Obligor will promptly renew before they expire all licenses, permits, and other documents required for the construction, required to effect the 1452 Randolph Street Rehabilitation Project Improvements, and shall provide the City with copies thereof upon receipt of the City's written request.

2.06 Upon the written request of the City, Obligor shall arrange for the posting of signs on or adjacent to parcels where the 1452 Randolph Street Rehabilitation Project Improvements are constructed, at the City's expense and subject to the compliance with City zoning ordinances and Obligor's approval of design and location, indicating that the Improvements are being financed in part by CDBG Loan proceeds authorized and approved by HUD and by the City.

ARTICLE III WARRANTIES AND REPRESENTATIONS

3.01 Warranties and Representations. In order to induce the City to enter into and execute the 1452 Randolph Street Rehabilitation Project Loan Documents, Obligor represents and warrants to the City as follows:

- (a) Obligor is a duly organized, validly existing limited liability company in good standing under the laws of the State of Michigan with full power and authority to acquire and hold real property, conduct its business as currently conducted and execute, deliver and perform its obligations under this Agreement and all 1452 Randolph Street Rehabilitation Project Loan Documents.
- (b) Obligor is not primarily a religious organization.
- (c) The execution and delivery of the 1452 Randolph Street Rehabilitation Project Loan Documents and the performance thereunder by Obligor have been duly authorized by all requisite action and constitute valid, binding and enforceable obligations in accordance with their terms. The consummation of the transactions contemplated by the 1452 Randolph Street Rehabilitation Project Loan Documents do not conflict with or result in (1) the breach of any valid regulation, order, writ, injunction, judgment or decree of any court or any governmental or municipal instrumentality, or (2) the breach of or default under any other agreement or other instrument to which Obligor is subject or by which either is bound.
- (d) Except as disclosed in writing to the City, there are no actions, suits or proceedings pending, or to the actual knowledge of Obligor, threatened against or affecting Obligor or the Collateral involving the validity or enforceability of the 1452 Randolph Street Rehabilitation Project Loan Documents or the priority of the security interests granted therein, at law or in equity, which if adversely decided would materially impair the ability of Obligor to pay when due any amounts which may become payable with respect to the 1452 Randolph Street Rehabilitation Project Note; and to Obligor's actual knowledge, it is not in default under any order, writ, injunction, decree or demand of any court or any governmental authority.

- (e) Obligor's plans for construction, installation and operation of the 1452 Randolph Street Rehabilitation Project Improvements to be constructed with 1452 Randolph Street Rehabilitation Project Loan proceeds have been duly approved by the necessary parties of Obligor.
- (f) Obligor's estimates of the cost of the work associated with completion of the 1452 Randolph Street Rehabilitation Project Improvements are made in good faith and are fair, reasonable, and realistic in Obligor's reasonable judgment.
- (g) Each request for funds pursuant to Article IV hereof, or the receipt of the funds requested, shall constitute an affirmation that the representations and warranties contained in this Article III are true and correct as of the date of the Statement of Satisfaction and Authorization to Pay and will be true and correct on the date of receipt of the requested funds.
- (h) The 1452 Randolph Street Rehabilitation Project Improvements will be constructed in such a manner as to conform to applicable zoning, planning, building and other regulations of governmental authorities having jurisdiction over the construction sites, and Obligor has obtained or will obtain all requisite building, environmental and other permits necessary for the construction of the Improvements.
- (i) No representation or warranty of Obligor contained herein or in any of the 1452 Randolph Street Rehabilitation Project Loan Documents, and no statement contained in any certificate, schedule, list, or other instrument furnished to a private lender funding the 1452 Randolph Street Rehabilitation Project Improvements or to the City by or on behalf of Obligor contains, or will contain, any untrue statement of a material fact, or omit, to state a material fact necessary to make the statements contained herein or therein not materially misleading.
- (j) Any financial data reports furnished by Obligor to the City or to any private lender funding the 1452 Randolph Street Rehabilitation Project Improvements are accurate and complete and fairly represent the financial condition of Obligor.
- (k) There has been no material adverse change in the condition, financial or otherwise, of Obligor since the date of the most recent financial report or statement referenced in item (j) above.

ARTICLE IV DISBURSEMENT OF LOAN PROCEEDS

4.01 Disbursement Procedure. The proceeds of the 1452 Randolph Street Rehabilitation Project Loan shall be disbursed to Obligor for eligible costs associated with or arising in connection with the 1452 Randolph Street Rehabilitation Project Improvements, as set forth in the 1452 Randolph Street Rehabilitation Project Budget, in accordance with the provisions of this Section 4.01.

- (a) For each requested disbursement, Obligor shall submit to the City:

- (i) prior to the issuance of advertisements for bids for portions of the 1452 Randolph Street and Rehabilitation Improvements, Obligor shall have submitted copies of the specifications and approved construction documents for such bids to the Planning and Development Department (“P&DD”).
 - (ii) a Statement of Satisfaction and Authorization to Pay, the form of which is attached hereto as **Exhibit F**, which Statement shall indicate that such payment is requested for a cost properly chargeable to completion of the 1452 Randolph Street Rehabilitation Project Improvements and that such cost has not been the basis for any prior requisition upon which payment has been made. The Statement shall further indicate total costs incurred to date, amounts paid and the balance due or to become due in connection with the Improvements. All requests for payment must be supported by a Consultant AIA or other continuation sheet signed by a registered architect or Engineer overseeing the construction. All permits and approvals issued by the City Department having jurisdiction over the project or any part thereof shall be submitted to P&DD.
 - (iii) a sworn statement identifying the Contractor and any and all subcontractors or material suppliers, if any, scheduled to receive payment from the requested advance, as well as sworn lien waivers executed by the Contractor and/or subcontractors and materialmen covering all labor and materials furnished to date. The sworn statements and lien waivers shall be dated not less than ten (10) days prior to the date of the request for payment and shall cover the period from the date of the last disbursement, and when given for the purpose of obtaining the final disbursement for the work shall cover all work performed for completion of the 1452 Randolph Street Rehabilitation Project Improvements. Such sworn statements and lien waivers shall be in the form required by Michigan lien laws. Except for the final draw, lien waivers may be conditional lien waivers provided that unconditional lien waivers are provided within thirty (30) days.
 - (iv) weekly payroll and other evidence to document compliance with the Davis Bacon Act and efforts to comply with the goals of Executive Order 2007-1 regarding Employment of Detroit Residents in Publicly Funded Construction Projects and Executive Order 2003-4 Regarding Utilization of Detroit Headquartered and Detroit Based Businesses.
- (b) Within **fifteen (15) business days** after receipt of the items set forth in Section 4.01(a) above, the City shall have reviewed for completeness and sufficiency the Statement of Satisfaction and Authorization to Pay, the sworn statements and lien waivers, and the payroll records provided with the request for disbursement and shall have inspected or caused an inspection of the work for which disbursement is being requested.

- (c) Prior to any disbursements hereunder, the City shall receive a certification from Obligor, dated as of the date of such request for disbursement, indicating that since the last preceding advance, if any, there has been no material adverse change in the priority status the City's security interest in the Collateralized Property, which certification shall also affirm relative priority of the City's security interests over unrecorded construction liens as of the date of the disbursement request or any Contractor's sworn statements presented in support of such request. Should any such lien claim subsequently surface, appear or become known to either party, each shall become obligated to immediately notify the other party in writing and the City may withhold any further disbursements under the 1452 Randolph Street Rehabilitation Project Loan until said lien(s) are removed, insured over, or bonded off to the satisfaction of the City.
- (d) If the City determines that the work for which an advance is being requested has been properly completed in accordance with approved plans for the construction of the 1452 Randolph Street Rehabilitation Project Improvements in all material respects and that there exists no lien on the Collateralized Property which is not specifically permitted or bonded or insured over, as the case may be, by Obligor, the City shall within **ten (10) days** after such determination transmit the requested and approved amount to be disbursed under the 1452 Randolph Street Rehabilitation Project Loan to Obligor, less ten percent (10%) retainage, which retainage will be held by the City until such time as the Improvements are fully completed and Obligor has obtained a Certificate of Occupancy or Certificate of Completion. Notwithstanding the foregoing, to the extent the work of a supplier, subcontractor or materialman has been completed, lien free, and certified as such, such retainage shall be released.
- (e) If the City reasonably determines after its review of the Statement of Satisfaction and Authorization to Pay that an amount less than the amount requested by Obligor thereon, is eligible for payment under this Agreement, the City shall notify Obligor of its determination and the reasons therefor, and shall not be liable to pay the amount requested. If Obligor notifies the City that it will accept the lesser eligible amount, the City shall process the payment request for the lesser eligible amount. If Obligor provides the necessary additional documentation or takes the necessary steps such that the requirements of this Agreement are satisfied to enable the City to revise its determination and approve the amount requested, the City shall process the original payment request received pursuant to this Section 4.01 and such originally requested amount shall be paid to Obligor.
- (f) The amount, timing and procedures for any partial disbursement of the proceeds of the 1452 Randolph Street Rehabilitation Project Loan under this Section 4.01 shall be determined by the City, at its sole option, except that each partial disbursement must be made in accordance with this Agreement and must be approved in writing by the City prior to such disbursement. If the amount claimed for payment and the amount determined as eligible remains unresolved or becomes subject of a claim under any Construction Contract, the person designated by Obligor to be responsible for construction and installation of the

1452 Randolph Street Rehabilitation Project Improvements and the City's designated Building Official shall meet to resolve the dispute. Notwithstanding the aforesaid, the aggregate amount of the 1452 Randolph Street Rehabilitation Project Loan disbursed under this Agreement shall not exceed the cost of the completed work on the Improvements.

- (g) Each payment shall be made by check made payable to Obligor.
- (h) The City shall not be obligated to make any disbursement under this Section 4.01 while an Event of Default exists unless Obligor, in the City's judgment is diligently pursuing the cure of the Event of Default.
- (i) The City reserves the right to make any or all disbursements through a title insurance company or other disbursing agent. If the City elects to disburse through a disbursing agent, an appropriate disbursement agreement will be executed between the City and the disbursing agent.
- (j) Final payment, constituting the entire unpaid, undisbursed balance of the 1452 Randolph Street Rehabilitation Project Loan remaining at the time of completion of the construction of the 1452 Randolph Street Rehabilitation Project Improvements, including retainage, will be made by the City within **ten (10) days** of the City's final inspection of such work provided the following has occurred:
 - (i) Obligor has received certificates from the City's Building and Safety Engineering Department or other reasonably acceptable evidence or documentation certifying that all 1452 Randolph Street Rehabilitation Project Improvements have been inspected and a temporary or permanent certificate of occupancy has been issued.
 - (ii) Obligor has obtained final lien waivers and has submitted them to the City.
 - (iii) Obligor has submitted or caused to be submitted and has received clearance for weekly payrolls and other evidence to document compliance with the Davis-Bacon Act and good faith efforts to comply with the goals of Executive Orders 2007-1 and 2003-4.

4.02 Allocation of expenditures between different sources shall be at Obligor's discretion, and complete expenditure of funds from Other Financing sources shall not be a precondition of disbursement of 1452 Randolph Street Rehabilitation Project Loan Funds for legitimate costs incurred in connection with construction of the 1452 Randolph Street Rehabilitation Project Improvements, provided that disbursement of funds from Other Financing sources shall, when measured against each requested disbursement of 1452 Randolph Street Rehabilitation Project Loan proceeds, be reasonably equivalent to the relative proportion that such funds bear to the total development cost as set forth in the 1452 Randolph Street Rehabilitation Project Budget.

ARTICLE V DEFAULT

5.01 Obligor's Defaults. The term "**Event of Default**," whenever used in this Agreement, shall mean any one or more of the following:

- (a) Failure by Obligor to fulfill its monetary obligations under the 1452 Randolph Street Rehabilitation Project Loan Documents, subject to notice and cure rights as provided in Section 5.03, or any other collateral or associated document, subject to any applicable notice and cure period provided therein.
- (b) Violation by Obligor of any of the material covenants, representations, warranties, agreements or stipulations in the 1452 Randolph Street Rehabilitation Project Loan Documents or any collateral or associated document, subject to notice and cure rights as provided in Section 5.03.
- (c) Admission in writing by Obligor of its inability to pay its debts generally as they become due.
- (d) The institution of any bankruptcy, reorganization or insolvency proceedings or any similar proceedings by Obligor, whether voluntary or involuntary, filed under any present or future bankruptcy or other applicable law, unless such involuntary bankruptcy is dismissed within eighty (80) days after being filed.

5.02 City's Default. The City shall not be deemed to be in default under this Agreement unless the City fails to comply with any material obligation of the City under this Agreement or the Loan Documents and the City has not cured such default within forty-five (45) consecutive calendar days after delivery of written notice from Obligor to cure said default. In no event shall the City be deemed to be in default for failing or refusing to comply with an obligation of the Loan Documents if such compliance would be in violation of law including the Regulations.

5.03 Cure of Events of Default; Notice of Events of Default. Obligor shall not be in default if it commences to cure the Event of Default within the applicable notice and cure period set forth below, and diligently prosecutes such cure to completion. Upon the occurrence of an Event of Default, the City shall give written notice of the Event of Default to Obligor and Obligor shall have the right to cure (a) any non-monetary Event of Default within forty-five (45) days after its receipt of such written notice from the City and (b) any monetary Event of Default within ten (10) days after its receipt of such written notice from the City; provided, however, that if any non-monetary Event of Default cannot be reasonably cured within such forty-five (45) day period, then such cure period shall be extended in order to permit Obligor to cure such Event of Default provided that Obligor is diligently pursuing the curing of such Event of Default.

5.04 City's Remedies. If an Event of Default shall have occurred and be continuing after the expiration of any applicable notice and cure period set forth in Section 5.03 above, Obligor shall be in default under this Agreement and the City may exercise any available rights and remedies it may have under this Agreement or the 1452 Randolph Street Rehabilitation Project Loan Documents.

5.05 Obligor's Remedies. If the City is in default (*i.e.*, has defaulted and has not cured its default within any applicable notice and cure period), Obligor may, at its option, seek specific performance or injunctive relief under this Agreement or pursue all other available rights and remedies it may have under the Loan Documents or at law or in equity or otherwise available to it.

ARTICLE VI TERM AND TERMINATION

6.01 Prior to the delivery of the Completion Certificate (as defined below), should Obligor fail to cure an Event of Default within any applicable notice and cure period set forth in Article V above, the City may elect to terminate this Agreement thirty (30) days following delivery of written notice to Obligor of its election to terminate this Agreement (herein called the "**Notice of Termination**"). Said Notice of Termination may be sent by the City, at its option, and will be sent in the manner specified in the Notices provision herein.

6.02 Unless otherwise terminated by the City as provided in Section 6.01, or by mutual consent of the parties hereto, this Agreement shall terminate upon completion of all close-out procedures and final settlement and conclusion of all obligations under this Agreement including satisfactory audit of all books and records of all parties hereto.

6.03 The parties acknowledge that termination of this Agreement pursuant to Section 6.01 may cause the suspension or termination of the disbursement by the City of the remaining balance of the proceeds then available under the 1452 Randolph Street Rehabilitation Project Loan, if any.

6.04 Termination of this Agreement shall not terminate the provisions of or obligations of Obligor under Section 14.18 of this Agreement, which relate to use restrictions that continue under HUD Regulations subsequent to termination of this Agreement, or any other obligations pursuant to said Regulations, unless the Notice of Termination specifically so provides.

6.05 The Obligor shall commence performance of the 1452 Randolph Street Rehabilitation Project upon posting by the City of a written Notice (herein called a "**Notice to Proceed**") to the Obligor in the manner specified in the Notices provision herein, but in no event prior to the approval of this Agreement by the City Council and its execution by the City Purchasing Director. The Obligor shall be required to complete the construction of the 1452 Randolph Street Rehabilitation Project Improvements eighteen (18) calendar months after receipt of the Notice to Proceed; provided, however, Obligor may request an extension in the required completion date from the Director of the P&DD. The Director of the P&DD may determine that conditions warrant an extension beyond the required completion date to permit satisfactory completion of the 1452 Randolph Street Rehabilitation Project. No such time extension shall increase the loan amount provided for hereunder, nor be effective unless given in writing by the Director of the P&DD.

ARTICLE VII AMENDMENT

7.01 The City or Obligor may consider it in its best interest to change, modify or extend a term or condition of this Agreement. Any such change shall be incorporated in written amendments (individually hereinafter referred to as an “**Amendment**” and collectively hereinafter referred to as “**Amendments**”) to this Agreement. Such Amendments shall not invalidate this Agreement, nor relieve or release Obligor or the City from any of its obligations under this Agreement, except for those parts thereby amended.

7.02 No Amendment to this Agreement shall be effective and binding upon the parties unless it expressly makes reference to this Agreement, is in writing and is signed and acknowledged by duly authorized representatives of all parties to this Agreement and is approved by City Council.

ARTICLE VIII CONFLICT OF INTEREST

8.01 Obligor hereby warrants that it has not employed any person to solicit or secure this Agreement upon any agreement or arrangement for payment of a commission, percentage, brokerage or contingent fee, either directly or indirectly, and that if this warranty is breached, the City may, at its option and without prejudice to its other remedies, terminate this Agreement without penalty, liability or obligation.

8.02 Except as disclosed in attached **Exhibit G** and except for approved administrative and personnel costs, no employee, agent, consultant, officer, or elected official or appointed official of the City, or of Obligor, or of any designated public agencies or subrecipients receiving funds under 24 CFR Part 570, who exercises or has exercised any functions or responsibilities with respect to the funded activities or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a direct personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for any time thereafter, unless HUD has granted an exception, as provided in the applicable Regulations at 24 CFR Part 85. The foregoing restrictions shall apply to all activities that are part of the Project and shall cover any such interest or benefit during, or at any time after, such person’s tenure. A knowing violation of the foregoing provisions by either of the parties hereto or by any person referred to herein shall be deemed a material breach of this Agreement. Obligor shall include in all contracts with any party involving the use of the proceeds under the 1452 Randolph Street Rehabilitation Project Loan a conflict of interest provision consistent with this section and with the applicable Regulations at 24 CFR Parts 85 and 570.

8.03 No member or delegate to the Congress of the United States and no resident commissioner shall be admitted to share any part of this Agreement, or to any benefit arising therefrom.

ARTICLE IX INDEMNIFICATION AND INSURANCE

9.01 Indemnification of the City. Obligor shall indemnify, save and hold harmless the City and the City's agents, employees, elected officials and officers against any and all liabilities, obligations, damages, penalties, claims, costs, charges and expenses (including, without limitation, reasonable fees and expenses of attorneys, expert witnesses and other consultants) which may be imposed upon, incurred by or asserted against the City or the City's agents, employees, elected officials and officers by reason of any of the following occurring during the term of this Agreement:

- (a) Negligent or tortious acts of Obligor or of its authorized personnel, employees or agents.
- (b) Any failure by Obligor or any of its authorized personnel, agents or employees to perform its material obligations under this Agreement.
- (c) Any act, failure to act or material misrepresentation by Obligor or any of its authorized personnel, employees or agents in connection with construction of the 1452 Randolph Street Rehabilitation Project Improvements.
- (d) Any act, failure to act or material misrepresentation by Obligor or any of its authorized personnel, employees or agents under the 1452 Randolph Street Rehabilitation Project Loan Documents.

9.02 Obligor hereby certifies, warrants and represents that any and all hazardous materials or conditions related to or arising from or in connection from the construction and installation of the 1452 Randolph Street Rehabilitation Project Improvements will be properly abated, contained or removed at Obligor's expense in accordance with local, state and federal laws ("**Environmental Covenant**"), and Obligor shall indemnify, save and hold harmless, the City and the City's agents, employees, officials and officers against any and all liabilities, obligations, damages, penalties, claims, costs, charges and expenses (including, without limitation, reasonable fees and expenses of attorneys, expert witnesses and other consultants) which may be imposed upon, incurred by or asserted against the City or its agents, employees, officials and officers for any related claim or injury arising the violation of the Environmental Covenant. The indemnification obligation of Obligor under this Section 9.02 shall not be limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Obligor under the Workers' Compensation Act or any other employee benefit act.

9.03 Obligor's Obligation to Defend Action Brought Against the City. In the event that any action or proceeding is brought against the City or the City's agents, employees, officials and officers by reason of any claim covered under Sections 9.01 and 9.02 hereof, Obligor, upon written notice from the affected party or parties, shall, at Obligor's sole expense and with counsel of Obligor's choice, subject to the reasonable approval of the affected party, resist and defend such action or proceeding on its or their behalf as the case may be. Anything contained in this Article to the contrary notwithstanding, the City shall have the right to assert any claims against the Collateralized Property or any portion thereof as a result of acts described in subsections 9.01(a) through 9.01(d) above. Any liability of Obligor under this Article shall not be satisfied or funded out of 1452 Randolph Street Rehabilitation Project Loan proceeds designated for construction of the 1452 Randolph Street Rehabilitation Project Improvements.

9.04 Safeguarding of Property and Materials. In addition, Obligor agrees that it is its sole responsibility and not the responsibility of the City to safeguard the 1452 Randolph Street Rehabilitation Project Improvements and materials used in the construction of the Improvements.

9.05 Obligor's Insurance. Obligor shall maintain or cause to be maintained, at its sole expense, during the term of this Agreement and until such time as the full amount of the loan has been either repaid or fully forgiven, the following insurance:

- (a) Workers' Compensation insurance which meets Michigan's statutory requirements or employer's liability insurance with minimum limits equivalent to the statutory requirement for Michigan's workers' compensation insurance. Obligor agrees to obtain a similar covenant with respect to Workers' Compensation insurance from any consultant or contractor retained by it to construct any portion of the 1452 Randolph Street Rehabilitation Project Improvements.
- (b) Comprehensive general liability insurance with minimum limits of One Million Dollars (\$1,000,000.00), each occurrence for bodily injury and Three Hundred Thousand Dollars (\$300,000.00) for each occurrence for property damage. Said policy shall include coverage for independent contractor's liability.
- (c) Builders Risk Insurance against loss or damage to the Collateralized Property and materials and supplies to be used in the construction and installation thereof, whether such materials or supplies are incorporated into the 1452 Randolph Street Rehabilitation Project Improvements on-site or assembled elsewhere and transported to the site for incorporation into the Improvements. This insurance shall insure against loss from the perils of fire, extended and broad form coverage and shall be in an amount not less than the cost for construction and installation of the 1452 Randolph Street Rehabilitation Project Improvements.
- (d) Hazard insurance, insuring the Obligor and the City against loss by fire, and hazards included within the term "broad form and extended coverage" and such other hazards as the City may reasonably require, in an amount not less than the after completion value of the 1452 Randolph Street Rehabilitation Project Improvements.
- (e) Such other insurance as may reasonably be required by the City for this project.

If during the term of this Agreement, changed conditions or other pertinent factors should, in the reasonable judgment of the City, render inadequate the foregoing insurance limits, the Obligor shall furnish on demand such additional coverage as may reasonably be required under the circumstances. All such insurance shall be effected under valid and enforceable policies, issued by insurers of recognized responsibility which are well-rated by national rating organizations and are reasonably acceptable to the City.

All required insurance policies hereunder shall name the Obligor as the insured and, where permitted by law, the City as additional insured. Certificates of insurance evidencing such coverage shall be submitted to the City prior to the Effective Date and at least fifteen (15) days

prior to the expiration dates of expiring policies. Certified copies of all insurance policies on which the City is named as additional insured shall be provided to the City by the Obligor as soon as the same are available to the Obligor. In addition, all contracts between the Obligor and the Contractor shall require that the Contractor maintain all of the insurance required by this Article, as applicable, and the liability insurance shall name as an additional insured the City, its agents, successors and assigns.

ARTICLE X RECEIPT OF CDBG FUNDS

10.01 Obligor recognizes that the payments to be made hereunder are contingent upon the City's receipt of its allocated share of CDBG funds, and because of that, understands and agrees that the City reserves the right to delay payment under this Agreement pending receipt of CDBG funding from HUD.

ARTICLE XI FAIR EMPLOYMENT PRACTICES

11.01 In accordance with the United States Constitution and all federal legislation and regulations governing fair employment practices and equal employment opportunity, and including but not limited to the Civil Rights Act of 1964, Executive Order 11246, the substance of which is summarized in the document attached to and made a part of this Agreement as **Exhibit G**, Executive Order 11375 and 41 CFR Part 60, and in accordance with the Michigan Constitution and all applicable State of Michigan laws and regulations governing fair employment practices and equal employment opportunity including but not limited to the Michigan Civil Rights Act, and the Michigan Handicappers Civil Rights Act, Obligor agrees that it will not discriminate against any person, employee, consultant or applicant for employment with respect to his or her hire, tenure, terms, conditions or privileges of employment because of his or her religion, race, color, national origin, age, sex, height, weight, marital status or handicap unrelated to the individual's ability to perform the duties of a particular job or position.

11.02 To the extent permitted by applicable law, Obligor further agrees to take affirmative action to achieve reasonable representation of minority groups and women on its work force connected directly or indirectly with the performance of this Agreement. Such affirmative action shall include, but not be limited to, the following areas: employment, promotion, demotion or transfer, recruiting or recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training or education, including apprenticeships.

11.03 Obligor shall not discriminate against any employee or applicant for employment, training, education or apprenticeship connected directly or indirectly with the performance of this Agreement, with respect to his or her hire, promotion, job assignment, tenure or terms, conditions or privileges of employment because of race, color, creed, national origin, age, marital status, handicap, sex or sexual orientation. Obligor shall promptly furnish any information reasonably required by the City or its Human Rights Department pursuant to this Section.

11.04 Obligor shall make and document good faith efforts to comply with and shall contractually require its contractors and subcontractors to make and document good faith efforts to comply with the goals of the City of Detroit Executive Order No. 2007-1, the substance of which is summarized in the document attached to and made a part of this Agreement as **Exhibit I**, regarding employment of Detroit residents in construction projects and Executive Order 2003-4, the text of which is attached to and made a part of this Agreement as **Exhibit J**, regarding utilization of Detroit headquartered and Detroit based businesses.

11.05 Obligor further agrees that it will notify any subcontractor of its obligations relative to non-discrimination under this Agreement when soliciting same and will include the provisions of this Article in any subcontract. Obligor further agrees to take such action with respect to any subcontract or procurement as the City may direct as a means of enforcing such provisions including sanctions for noncompliance.

ARTICLE XII ANTI-KICKBACK RULES

12.01 Salaries of architects, draftsmen, technical engineers and technicians performing work under this Agreement shall be paid unconditionally (provided the work has been performed and no dispute exists between the parties with respect to the completion of such work) and not less often than once a month without deduction or rebate on any account except only such payroll deductions as are mandatory by law or permitted by the applicable regulations issued by the Secretary of Labor pursuant to the "**Copeland Anti-Kickback Act**" (18 USC § 874). Obligor shall comply with all applicable Copeland Act regulations and shall insert appropriate provisions in all subcontracts covering work under this Agreement to insure compliance by subcontractors with such regulations, and shall be responsible for the submission of affidavits required by subcontractors thereunder except as the Secretary of Labor may specifically provide for variations or exemptions from the requirements thereof.

12.02 Each contractor and subcontractor shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he is otherwise entitled.

ARTICLE XIII DAVIS-BACON ACT

13.01 Obligor shall require that all construction contracts awarded with respect to the construction and completion of the 1452 Randolph Street Rehabilitation Project Improvements in excess of Two Thousand Dollars (\$2,000.00) shall include a provision for compliance with the "**Davis-Bacon Act**" (40 USC 276a to 276a-7) and as supplemented by the Department of Labor regulations (29 CFR, Part 5), including the Federal Labor Standards Provisions, the substance of which is summarized in form HUD-4010, titled Federal Labor Standards Provisions, attached to and made a part of this Agreement as **Exhibit K**. Owner shall be required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the United States Secretary of Labor attached to and made a part of this Agreement as **Exhibit L**. In addition, Owner shall be required to pay wages not less often than

once a week. If Owner is the contractor itself, it shall comply with the Davis-Bacon Act itself with respect to the Project as herein specified.

13.02 Obligor shall also require in all contracts or subcontracts in excess of Two Thousand Dollars (\$2,000.00) for construction and in excess of Two Thousand Five Hundred Dollars (\$2,500) for other contracts which involve the employment of mechanics or laborers, to include a provision for compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 USC 327 -- 330) as supplemented by Department of Labor regulations (29 CFR, Part 5). Under Section 103 of the Act, each contractor shall be required to compute the wages of every mechanic and laborer on the basis of a standard work week of forty (40) hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate not less than 1½ times the basic rate of pay for all hours worked in excess of forty (40) hours in the work week. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous to his health and safety as determined under construction, safety, and health standards promulgated by the Secretary of Labor. These regulations do not apply to the purchase of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

ARTICLE XIV OTHER FEDERAL REQUIREMENTS

14.01 With respect to the completion and construction of the 1452 Randolph Street Rehabilitation Project Improvements, Obligor shall comply with all applicable Federal laws, rules and regulations, including without limitation, all those referred to in OMB Circulars A-87, the federal cost principles applicable to for-profit entities found at 48 CFR, Part 31, and the applicable sections of 24 CFR, Part 85, as set forth in the HUD regulations.

14.02 With respect to the completion and construction of the 1452 Randolph Street Rehabilitation Project Improvements, Obligor shall comply with all United States' requirements and regulations pertaining to patent rights.

14.03 With respect to the completion and construction of the 1452 Randolph Street Rehabilitation Project Improvements, Obligor shall comply with all standards, orders or requirements issued under Section 306 of the Clean Air Act (42 USC 1857h), Section 508 of the Clean Water Act (33 USC 1368), Executive Order 11738 and Environmental Protection Agency regulations (40 CFR, Part 15). Obligor shall report all violations of the above of which it has knowledge to the City, to the State Department of Natural Resources and to the United States EPA Assistant Administrator for Enforcement (EN-329).

14.04 Upon the written request of the City, Obligor shall provide to the City, at no cost to the City and at such intervals and in such form as is necessary to enable the City to comply with Federal reporting requirements, such information as Obligor possesses or is readily accessible to Obligor that is reasonably necessary to enable the City to comply with the Federal reporting requirements relative to the CDBG Loan. The City covenants that it will ask only for other information that it would otherwise reasonably request from any other similarly situated

Obligor in the normal course of operations. By way of example and not limitation, said information may include: (i) a report on all proceeds of the 1452 Randolph Street Rehabilitation Project Loan received by Obligor and used for administrative costs; (ii) a report on all proceeds of the 1452 Randolph Street Rehabilitation Project Loan actually received from the City.

14.05 Obligor hereby warrants that it has obtained, or has reasonable assurance that it will obtain, and/or cause to be obtained, all federal, state and local governmental approvals, permits, and reviews required by law to be obtained for the 1452 Randolph Street Rehabilitation Project Improvements.

14.06 Obligor hereby acknowledges that the City, in making the 1452 Randolph Street Rehabilitation Project Loan to Obligor, relied in material part upon the assured completion of the 1452 Randolph Street Rehabilitation Project Improvements. Obligor agrees to use reasonable efforts to complete the Improvements, subject to timely funding of the 1452 Randolph Street Rehabilitation Project Loan and Force Majeure as described in Section 27.01 of this Agreement.

14.07 Obligor acknowledges and agrees that no disbursement or transfer of CDBG Loan funds to Obligor in connection with the 1452 Randolph Street Rehabilitation Project Note shall be or be deemed an assignment of the Loan from the City to help finance the 1452 Randolph Street Rehabilitation Improvements. Obligor further acknowledges and agrees that Obligor shall not succeed to any rights, benefits or advantages of the City, nor attain any rights, privileges, authorities or interests in or with respect to the Loan until such funds are disbursed to Obligor.

14.08 Obligor covenants and agrees that the City shall not be liable to Obligor for completion or the failure to complete any Obligor activities necessary for completion of the 1452 Randolph Street Rehabilitation Project Improvements.

14.09 Obligor covenants and agrees that it shall conform to all sign provisions and criteria as reasonably established by the City.

14.10 Owner hereby covenants and agrees to comply fully with the provision of the “**Section 3 Clause**” set forth in 24 CFR 135.38, the substance of which is summarized in the document attached to and made a part of this Agreement as **Exhibit M**. Owner shall cause or require said Section 3 Clause to be inserted in all contracts and subcontracts for work financed in whole or in part by the 1452 Randolph Street Rehabilitation Project Loan.

14.11 In the event that there is a change in circumstances, such that the provisions in the Regulations at 24 CFR Part 85 with respect to payment and performance bonds, which are currently not applicable to Obligor, become applicable, Obligor agrees to obtain performance and payment bonds in such amounts as determined by the City.

14.12 Obligor agrees to comply with all applicable Federal regulations relative to employment of, or contracting with, contractors on HUD or City lists of “**Debarred Contractors**.” Obligor further agrees to include a similar provision in any contract it enters into for the performance of any activity funded, in whole or in part, with federal funds.

14.13 Obligor shall carry out the services required hereunder in compliance with all applicable laws and regulations described in Subpart K of 24 CFR Part 570 except for the City's responsibility for initiating the review process under the provisions of 24 CFR Part 52.

14.14 Obligor shall include in all contracts, and cause to be included in all subcontracts, all clauses described in the Regulations at 24 CFR 85.36(I).

14.15 The parties hereto acknowledge that HUD requires all recipients and subrecipients of CDBG Loan proceeds to report on the use of said proceeds. Therefore, Obligor shall require in all contracts and subcontracts that each contractor and subcontractor shall report in sufficient detail to Obligor on all use of the 1452 Randolph Street Rehabilitation Project Loan funds so as to enable Obligor and the City to each meet all of their respective Federal reporting and monitoring obligations. At a minimum, all reporting requirements imposed on each contractor and subcontractor by Obligor shall include all reporting requirements required of Obligor herein, unless otherwise provided for in this Agreement.

14.16 Obligor shall require in all cost-type contracts and subcontracts and in all cost-type parts of contracts and subcontracts with for-profit organizations that allowable costs under such cost-type contracts and subcontracts, and cost-type parts of contracts and subcontracts, be governed by the Federal Cost Principles set forth in the Regulations at 48 CFR Part 31.

14.17 Upon any expiration of this Agreement or the sooner termination under Article VI, Obligor shall return to the City any unspent proceeds of the 1452 Randolph Street Rehabilitation Project Loan it has in its possession.

14.18 Additional conditions applicable to the 1452 Randolph Street Rehabilitation Project Loan are the following:

- (a) Through the 1452 Randolph Street Rehabilitation Project, the Obligor shall be required to satisfy two requirements with respect to job generation: a) Obligor shall be required to meet the HUD public benefit objective ("**HUD Public Benefit Objective**") by hiring as provided in Subsection 14.18(b); and b) Obligor shall be required to meet the HUD national objective ("**HUD National Objective**") by hiring Detroit low to moderate income residents as provided in Subsection 14.18(c). Obligor shall be obligated to meet these two requirements prior to the Completion Date, which is defined as the ending date for a period commencing on the date of the Notice to Proceed and ending two years thereafter; provided such Completion Date may be extended upon request by the Obligor and approval by the City ("**Completion Date**"). The Obligor is required to meet to meet the HUD Public Benefit Objective and the HUD National Objective in accordance with the terms of this Section 14.18.
- (b) The Obligor's obligation to meet the HUD Public Benefit Objective shall be fulfilled by providing at least one (1) full time equivalent job for each \$35,000 or part thereof of 1452 Randolph Street Rehabilitation Project Loan funds ("**Jobs Number**"). By way of example, the Jobs Number would be 26 jobs in the event that Obligor draws the full \$900,000 available under the 1452 Randolph Street

Rehabilitation Project Loan, and if only \$60,000 is drawn, the Jobs Number would be 2 jobs. The Obligor's estimate of job titles for the Jobs Number is stated in **Exhibit D** and is subject to change as staffing needs develop for the Project.

- (c) The Obligor's obligation to meet the HUD National Objective shall be fulfilled by filling 51% of all jobs created, prior to the Completion Date as a result of the 1452 Randolph Street Rehabilitation Project, with low to moderate income ("**LM**") residents of the Project Area, which is defined as the total area within the outside boundaries of the City of Detroit ("**LM Hiring Requirement**")
- (d) In the event by the Completion Date, Obligor fails to meet all or a portion of the Jobs Number, the Obligor shall be required to repay the Loan proceeds drawn, and such repayment will be calculated on a prorata basis based on the number of jobs created. By way of example, if the Jobs Number is 26 jobs, and the Obligor is credited with creating 10 jobs, the Obligor would be required to repay 62% of the Loan proceeds drawn or \$558,000. Repayment will be made as provided under the terms of Subsection 14.18 (h) hereof.
- (e) In the event by the Completion Date, Obligor fails to meet all or a portion of the LM Hiring Requirement, the Obligor shall be required to repay in full the Loan proceeds drawn, and such repayment shall be made promptly upon notice from the City confirming the amount and due date for the repayment.
- (f) In the event by the Completion Date, Obligor meets a portion of the Jobs Number, and also meets the LM Hiring Requirement with respect to that portion of the Jobs Number, the 1452 Randolph Street Rehabilitation Project Loan will be forgiven to the extent of the jobs created, and such Loan forgiveness will be calculated on a prorata basis based on the number of jobs created. By way of example, if the Jobs Number is 26 jobs, and the Obligor is credited with creating 10 jobs, 38% of the 1452 Randolph Street Rehabilitation Project Loan will be forgiven or \$342,000.
- (g) The City shall provide written notice to Obligor of the claimed deficiency in meeting the Jobs Number or the LM Hiring Requirement, and Obligor shall have thirty days in which to present its position regarding compliance with the requirements. The City shall provide to the Obligor an opportunity to present at a public hearing objections, explanations or corrections with respect to the deficiency cited by the City. Further, Obligor may request of the City an extension in the Completion Date and the City shall reasonably consider the extension request.
- (h) In the event repayment of all or part of the 1452 Randolph Street Rehabilitation Project Loan is required under the provisions of this Section 14.18, the balance owing of the 1452 Randolph Street Rehabilitation Project Loan will be amortized over ten (10) years starting from the Completion Date. Interest on the Loan balance owing will be calculated at 1% per year simple interest, and interest will compound only during the first five (5) years of the ten (10) year term. This

Agreement, the promissory note and any other loan documents will be amended and restated to reflect these repayment terms.

- (i) **If the Job Numbers and the LM Hiring Requirement are fully met by the Completion Date, the Obligor will have no further obligation with respect to repayment of the 1452 Randolph Street Rehabilitation Project Loan, and any lien granted to the City pursuant to the Mortgage and Security Agreement shall be satisfied and released.**

ARTICLE XV
PERSONNEL

15.01 Obligor represents that it has, or will secure at its own expense, all personnel required in performing the services required of Obligor under this Agreement.

15.02 All the services required hereunder by Obligor will be performed by Obligor or under its supervision and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under State and local law to perform such services.

ARTICLE XVI
NOTICES

16.01 All notices, consents, approvals, requests and other communications (herein collectively called “**Notices**”) required or permitted under this Agreement shall be given in writing, signed by an authorized representative of the City or Obligor, and hand delivered or mailed by U.S. certified or registered mail, return receipt requested and postage prepaid or by reputable overnight carrier, and addressed as follows:

If to the City:	Director Planning & Development Department 2300 Cadillac Tower Detroit, Michigan 48226
With a copy to:	Corporation Counsel City of Detroit Law Department Coleman A. Young Municipal Center 2 Woodward Avenue, Suite 500 Detroit, MI 48226
If to Obligor:	Paradise Valley Real Estate Holdings, LLC Attention: Hiram Jackson 479 Ledyard Street Detroit, Michigan 48201
With a copy to:	Honigman Miller Schwartz and Cohn First National Building 660 Woodward Ave, Suite 2290

Detroit, MI 48226
Attention: Alex L. Parrish

16.02 All notices shall be deemed given on the day of receipt thereof if hand delivered, or if mailed, on the third day after the date of mailing or if sent by overnight carrier, one (1) business day after deposit with such overnight carrier. Either party to this Agreement may change its address for the receipt of notices at any time by giving notice thereof to the other as provided herein. Any notice given by a party hereunder must be signed by an authorized representative of such party.

ARTICLE XVII GOVERNMENTAL REVIEW

17.01 Obligor shall keep and maintain all books, records and other documents relating to the receipt and disbursement of the proceeds of the 1452 Randolph Street Rehabilitation Project Loan including all Program Income and Miscellaneous Revenues. Any duly authorized representative of the Secretary of HUD or the Comptroller General of the United States or the City shall, at all reasonable times, have access to and the right to inspect, copy, audit, monitor, and examine all such books, records and other documents of Obligor until the completion of all closeout procedures, and until the final settlement and conclusion of all issues arising out of the use of the proceeds of the 1452 Randolph Street Rehabilitation Project Loan.

In the event that, as a result of any audit by HUD or any duly authorized representative of the federal government, any costs or payments to Obligor of the 1452 Randolph Street Rehabilitation Project Loan funds are disallowed by HUD or the federal government and are required to be repaid to HUD or to the federal government, Obligor, within sixty (60) days after written notice from the City, shall repay to the City such amounts as have been disallowed by HUD or the federal government if (i) such costs or payments were based upon a draw request or other materials submitted in connection with a draw request that, due to the gross negligence or willful misconduct of Obligor, failed to fairly or accurately disclose the purposes for which such costs or payments were to be used or (ii) that when Obligor incurred such costs or requested such payments Obligor knew or should have known that the proceeds of the 1452 Randolph Street Rehabilitation Project Loan were not eligible for the purposes for which such costs or payments were to be used. Obligor shall not otherwise be liable to return payments received that are disallowed by HUD as improper.

17.02 Obligor shall obtain all Federal, State and local governmental approvals, inspections, audits and reviews required by law to be obtained by it in connection with the completion of the 1452 Randolph Street Rehabilitation Project Improvements, including without limitation, inspection and audits by the Secretary of HUD, the Comptroller General of the United States and the City relating to the receipt and disbursement of the proceeds of the 1452 Randolph Street Rehabilitation Project Loan and the number and kinds of jobs created by the construction of the Improvements.

17.03 Obligor recognizes that the City has certain obligations under federal law and regulations to monitor contractors and subcontractors of Obligor as required by federal law and regulations. Therefore, Obligor shall, in its contracts and subcontracts, secure for the City the

right to monitor the contractors and subcontractors to the extent necessary to enable the City to perform its monitoring functions required by federal law and regulations.

17.04 Obligor shall keep all required records for three years following its receipt of the final draw of the proceeds of the 1452 Randolph Street Rehabilitation Project Loan and for three (3) years after all other pending matters are closed.

17.05 Obligor shall comply with all applicable federal, state and local laws, rules and regulations.

ARTICLE XVIII ACCESS TO PROPERTY

18.01 Obligor agrees that it shall secure for the City and any duly authorized representative of the Secretary of HUD, at all reasonable times during normal business hours, access to any portion of the 1452 Randolph Street Rehabilitation Project Improvements construction sites until the Improvements are completed.

ARTICLE XIX DISCLAIMER OF RELATIONSHIP

19.01 Nothing contained in this Agreement, or in any other contract between the City and Obligor, nor any act of the Secretary of HUD or the City or Obligor shall be deemed or construed by any of the parties, or by any third person, to create any relationship of a third party beneficiary or principal and agent or limited or general partnership or joint venture or association or relationship involving the Secretary of HUD.

19.02 The relationship of Obligor to the City is and shall continue to be that of an independent contractor and not an employment relationship and no liability or benefits such as worker's compensation, pension rights or liabilities, insurance rights or liabilities or other provisions or liabilities arising out of or relating to a contract for hire or employer/employee relationship shall arise or accrue to either party's agent or employee as a result of the performance of this Agreement, unless expressly stated in this Agreement.

ARTICLE XX SEVERABILITY

20.01 The invalidity of any article, section, subsection or clause or provision of this Agreement shall not affect the validity of the remaining articles, sections, subsections, clauses or provisions hereof.

ARTICLE XXI JURISDICTION

21.01 All actions arising under this Agreement shall be governed by, subject to, and construed according to the laws of the State of Michigan. Obligor and the City agree, consent and submit to the jurisdiction of any competent court in Wayne County, Michigan, for any action brought against it arising out of this Agreement. Obligor also agrees that it will not commence

any action against the City because of any matter whatsoever arising out of or relating to the validity, construction, interpretation and enforcement of this Agreement in any courts other than those in Wayne County, Michigan.

ARTICLE XXII
EXECUTION OF COUNTERPARTS

22.01 This Agreement may be executed in any number of counterparts, all of which shall be deemed to be originals and together shall constitute one and the same instrument.

ARTICLE XXIII
TITLES AND HEADINGS

23.01 Titles of the Articles and headings of sections and subsections herein are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of its provisions.

ARTICLE XXIV
WAIVER

24.01 The City reserves and shall have the exclusive right to waive, at the sole discretion of the City, and to the extent permitted by law, any requirement or provision applicable to Obligor under this Agreement. No act by or on behalf of the City shall be, or be deemed or construed to be, any waiver of any such requirement or provision, unless the same be in writing, signed by the authorized representative of the City and expressly stated to constitute such waiver.

24.02 No failure by the City or Obligor to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement or to exercise any right, term or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or such covenant, agreement, term and condition. No waiver of any breach shall affect or alter this Agreement, but each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

ARTICLE XXV
CITY COUNCIL AUDIT

25.01 Nothing contained herein shall be construed or permitted to operate as any restriction upon the power granted to the City Council by the City Charter to audit and allow all accounts chargeable against the City.

ARTICLE XXVI
ENTIRE AGREEMENT

26.01 This instrument, including exhibits attached hereto, which are made a part of this Agreement, and the 1452 Randolph Street Rehabilitation Project Loan Documents contain the entire agreement between the parties with respect to the 1452 Randolph Street Rehabilitation

Project Loan and all prior negotiations and agreements are merged herein. Neither the City nor the City's agents have made any representations except those expressly set forth herein, and no rights or remedies are or shall be acquired by Obligor by implication or otherwise unless expressly set forth herein.

ARTICLE XXVII FORCE MAJEURE

27.01 In the event of enforced delay in the performance by either party of obligations under this Agreement due to unforeseeable causes beyond its control and without its fault or negligence, including, but not restricted to, acts of God or of the public enemy, acts of the government, acts of the other party, fires, floods, epidemics, or severe weather, the time for performance of such obligations shall be extended for the period of the enforced delays; provided that the party seeking the benefit of the provisions of this Section shall, within thirty (30) days after the beginning of such enforced delay, have first notified the other party in writing of the causes thereof and requested an extension for the period of the enforced delay. In the event that there is any dispute as to what constitutes such force majeure event, the determination of the City shall be controlling.

ARTICLE XXVIII EXECUTION OF AGREEMENT; AUTHORITY TO COMMENCE WORK

28.01 This Agreement shall not be considered executed by Obligor until it has received the signature of Obligor's authorized representative affixed hereto. This Agreement shall not be considered executed by the City until it has secured the approval of the City Council of the City of Detroit, the signature of the Director of the Department of Planning and Development and the approval of the Emergency Manager for the City of Detroit pursuant to Emergency Manager Orders Nos. 3 and 7 and has been approved and been executed by or on behalf of the City's Corporation Counsel and Finance Director in accordance with City Charter and ordinance requirements.

28.02 The City will not be liable for disbursement of 1452 Randolph Street Rehabilitation Project Loan proceeds prior to the occurrence of the Closing referenced in Section 1.06 hereinabove of this Agreement and approval and execution of the documents referenced therein.

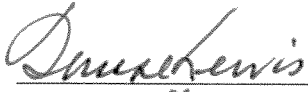
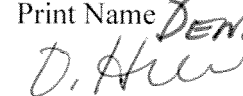
ARTICLE XXIX SUCCESSORS BOUND; PROHIBITION ON ASSIGNMENT WITHOUT CITY'S PRIOR CONSENT

29.01 This Agreement shall be binding upon successors and permitted assigns of either party to this Agreement, and all rights, obligations, benefits and advantages of this Agreement and the 1452 Randolph Street Rehabilitation Project Loan transaction referenced herein shall inure to such successors and assigns, except that Obligor shall be prohibited from selling, assigning, transferring or otherwise conveying any interest in this Agreement, the Collateralized Property or the 1452 Randolph Street Rehabilitation Project Loan, whether prior to or subsequent to completion of the 1452 Randolph Street Rehabilitation Project Improvements, for the duration

of the 1452 Randolph Street Rehabilitation Project Loan, without the express, prior written approval of the City. Any proposed transferee shall have the qualifications and financial responsibility, as determined by the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by Obligor.

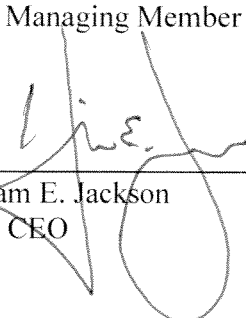
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

WITNESSES:


Print Name DENISE LEWIS

Print Name D. H. Lewis

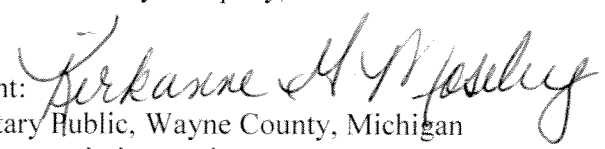
Obligor: PARADISE VALLEY REAL ESTATE HOLDINGS, LLC,
a Michigan limited liability company

By: REAL TIMES HOLDINGS, LLC,
Its: Managing Member

By: 
Hiram E. Jackson
Its: CEO

STATE OF MICHIGAN)
)ss.
COUNTY OF WAYNE)


The foregoing instrument was acknowledged before me on, ^{June 28,} 2013 by Hiram E. Jackson, as CEO of **REAL TIMES HOLDINGS, LLC**, as Managing Member of **PARADISE VALLEY REAL ESTATE HOLDINGS, LLC**, a Michigan limited liability company, on behalf of said company.

Print: 
Notary Public, Wayne County, Michigan
My commission expires:
Acting in the County of Wayne

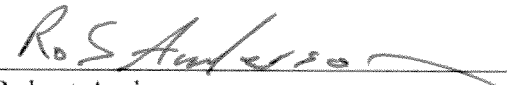
KIRKANNE G. MOSELEY
NOTARY PUBLIC, STATE OF MI
COUNTY OF MACOMB
MY COMMISSION EXPIRES Oct 11, 2018
ACTING IN COUNTY OF Wayne

WITNESSES:

CITY OF DETROIT,
a Michigan public body corporate



Brian Williams
Print Name

By: 
Robert Anderson
Its: Director, Planning and Development
Department




Karen M. Beaver
Print Name

STATE OF MICHIGAN)
)ss.
COUNTY OF WAYNE)

The foregoing instrument was acknowledged before me on July 10, 2013 by Robert Anderson, the Director of the Planning and Development Department of the City of Detroit, a Michigan public body corporate, on behalf of the City.


ALVIN J. MITCHELL
NOTARY PUBLIC, STATE OF MI
COUNTY OF WAYNE
MY COMMISSION EXPIRES Mar 10, 2018
ACTING IN COUNTY OF WAYNE


Print: ALVIN J. MITCHELL
Notary Public, Wayne County, Michigan
My commission expires: 03/10/2018
Acting in the County of Wayne

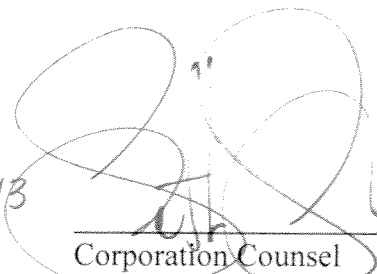
THIS CONTRACT WAS APPROVED
BY THE CITY COUNCIL ON:
EM

APPROVED BY LAW DEPARTMENT
PURSUANT TO §7.5-206 OF THE
CHARTER OF THE CITY OF DETROIT

AUG 14 2013

Date


Purchasing Director



Corporation Counsel
7/23/13
Date

**THIS CONTRACT IS NOT VALID OR AUTHORIZED UNTIL APPROVED BY
RESOLUTION OF THE CITY COUNCIL AND SIGNED BY THE PURCHASING
DIRECTOR.**

Drafted by and when recorded return to:
James M. Edwards
City of Detroit Law Department
Coleman A. Young Municipal Center
2 Woodward Ave., Suite 500
Detroit, Michigan 48226

LIST OF EXHIBITS

Exhibit A	Legal description
Exhibit B	Mortgage
Exhibit C	Security Agreement
Exhibit D	1452 Randolph Street Rehabilitation Project Budget and Jobs Projections
Exhibit E	Promissory Note
Exhibit F	Statement of Satisfaction and Authorization to Pay
Exhibit G	Disclosure of Interests in Contracts
Exhibit H	Equal Opportunity Clause
Exhibit I	Executive Order No. 2007-1
Exhibit J	Executive Order No. 2003-4
Exhibit K	Federal Labor Standards Provisions
Exhibit L	Wage Determination
Exhibit M	Section 3 Clause

EXHIBIT A

LEGAL DESCRIPTION

Land in the City of Detroit, County of Wayne, State of Michigan being more particularly described as:

Lot 107 and the South one (1) foot of Lot 104, Houghton's Section of the Brush Farm Subdivision, Liber 7, Page 174 of Plats, Wayne County Records.

Tax Parcel No. 003935, Ward 01

EXHIBIT B
MORTGAGE

MORTGAGE

DATED: June 28, 2013

PARTICULAR TERMS - DEFINITIONS

As used herein, the following terms and expressions shall have the respective meanings indicated opposite each of them:

Mortgagor: Paradise Valley Real Estate Holdings, LLC, a Michigan limited liability company
Address: 479 Ledyard
Detroit, Michigan 48201

Mortgagee: City of Detroit, a Michigan public body corporate
Address: c/o Planning and Development Department
2300 Cadillac Tower
Detroit, Michigan 48226

Note: Mortgage Note given by Mortgagor in favor of Mortgagee
Amount: Up to Nine Hundred Thousand and 00/100 (\$900,000.00) Dollars
Date of Note: Dated June 28, 2013

Loan Agreement: Loan Agreement dated June 28 2013 between Mortgagor and Mortgagee

Premises: Land, Premises and Property situated in the City of Detroit,
Wayne County, Michigan
See Exhibit "A" attached hereto

THIS MORTGAGE CONSTITUTES A FUTURE ADVANCE MORTGAGE AND SECURES FUTURE ADVANCES UNDER ACT 348 OF THE PUBLIC ACTS OF 1990, AS AMENDED (MCLA §565.901, ET SEQ.) UNDER MICHIGAN LAW.

THIS MORTGAGE (sometimes hereinafter referred to as "**Mortgage**"), above-dated, by Mortgagor to Mortgagee, and is made with reference to the Note and Loan Agreement hereinabove

referenced, and which shall include all of the foregoing as amended, modified, extended, restated, renewed or increased from time to time and all substitutions, consolidations or rollovers thereof, from time to time all of which may be done without amendment of this Mortgage or the consent of the Mortgagor.

WITNESSETH:

To secure the performance of the covenants hereinafter contained, and the repayment of the Loan in an amount of up to Nine Hundred Thousand and 00/100 (\$900,000.00) Dollars to Mortgagor, together with interest thereon, payable in accordance with the terms of the Mortgage Note (the "**Note**") executed by Mortgagor evidencing such loan and advances, and all extensions, renewals, amendments and modifications thereof, including any increases in the principal amount of the Note to secure future advances and to secure all other Indebtedness (as such term is defined in the Loan Agreement), and in accordance with the terms of the Loan Agreement, the terms, covenants and conditions of which said Note and Loan Agreement are herein incorporated as covenants and conditions of the Mortgagor, with the same force and effect as though such covenants and conditions were fully set forth herein (the covenants of this Mortgage, the Note, the Loan Agreement and other Loan Documents are hereinafter collectively referred to as the "**Obligations**"), the Mortgagor, hereby mortgages and warrants and grants a security interest to the Mortgagee, its successors and assigns, in and to the Premises, together with the appurtenances, improvements, buildings, fixtures, tenements, and hereditaments thereunder belonging and which may hereafter attach thereto and all heretofore or hereafter vacated alleys and streets abutting thereto (hereinafter collectively referred to as the "**Property**"); together with (a) all building materials, goods and personal property on or off the Premises not affixed or incorporated into the Premises, (b) all rights and easements (public or private) which benefit the Premises located off the Premises and all easement agreements, license agreements, permits, parking agreements, tunnel agreements, permits or any other agreements with respect to such rights and easements (public or private); (c) all buildings, improvements, machinery, apparatus, equipment, fittings, fixtures and articles of personal property of every kind and nature whatsoever, other than consumable goods, now or hereafter located in or upon said real estate or any part thereof and used or usable in connection with any present or future operation of said Property (hereinafter referred to as the "**Equipment**") and now owned or hereafter acquired or leased by the Mortgagor, and all additions and accessions thereto now or hereafter attached to or used in connection therewith or with the Property, and all proceeds of hazard insurance of all of the foregoing, including, but without limiting the generality of the foregoing, all heating, lighting, laundry, incinerating and power equipment, engines, pipes, pumps, tanks, motors, conduits, switchboards, plumbing apparatus, electrical apparatus (including, but not limited to all electrical transformers, switches, switch boxes, equipment boxes, cabinets, all whether used in the operation of the Property or any business operated within or upon the Property), lifting, cleaning, fire-prevention, fire-extinguishing, refrigerating, ventilating, and communications apparatus, air-cooling and air-conditioning apparatus, elevators, escalators, shades, awnings, screens, storm doors and windows, stoves, attached cabinets, partitions, carpeting, plants and shrubbery, ground maintenance equipment, ducts and compressors and all of the right, title and interest of the Mortgagor in and to any equipment which may be subject to any title retention or security agreement superior in lien to the lien of this Mortgage; (d) all right, title and interest, if any, of the Mortgagor to plans and specifications, engineering drawings, architectural renderings, licenses, governmental permits and approvals, soil

test reports, proposals or other material now or thereafter existing in any way relating to the Property; (e) all rents, issues and profits derived under present or future leases, or otherwise, which are hereby specifically assigned, transferred and set over to Mortgagee; (f) all awards or payments, including any interest thereon, and the right to receive same, which may be made for the account of Mortgagor with respect to the Property as a result of the exercise of the right of eminent domain or condemnation, as hereinafter provided; (g) all rights of the Mortgagor to receive the proceeds arising from or in connection with any federal or state historic tax credits or brownfield credits (g) all rights of the Mortgagor to any oil, gas, mineral and water rights; (h) all rights of the Mortgagor under any purchase agreements executed with respect to the Property and the proceeds thereof; and (i) proceeds and proceeds of hazard insurance of all of the foregoing described properties or interest in properties. It is understood and agreed that all Equipment is part and parcel of said real estate and appropriated to the use of said real estate and, whether affixed or annexed or not, shall for the purpose of this Mortgage be deemed conclusively to be real estate and mortgaged hereby. The Mortgagor agrees to execute, acknowledge and deliver, from time to time, such financing statements or other instruments as may be requested by Mortgagee to confirm, protect and perfect the lien of this Mortgage on any Equipment, under the provisions of the Uniform Commercial Code in effect in Michigan or otherwise, and this Mortgage shall also be considered to be and may be construed as a security agreement with reference to any such Equipment, and upon Mortgagor's default, Mortgagee shall, in addition to all other remedies herein provided, have the remedies provided for under the Uniform Commercial Code, as amended, in effect in Michigan.

And the said Mortgagor, for itself, its successors and assigns, does covenant and agree to and with the said Mortgagee, its successors and assigns, as follows:

1. **Performance:** The Mortgagor will pay, and otherwise perform, all the terms, conditions and covenants of the Obligations all in accordance with the Note.

2. **Title:** At the time of the execution and delivery of this instrument, Mortgagor is well and truly seized of the Property in fee simple, free of all liens and encumbrances whatsoever, except the Senior Mortgages (as defined in Paragraph 27 of this Mortgage) and the additional matters of record, if any, set forth on the attached **Exhibit "B"** (the "**Permitted Encumbrances**"), and will forever warrant and defend the same against any and all claims whatever, subject only to the Permitted Encumbrances and the lien created hereby is and will be kept a lien having a priority upon said Property as the same exists as of the date hereof.

3. **Payment of Taxes and Assessments:** Mortgagor shall pay prior to the date that any penalty or interest for nonpayment would attach, all taxes and assessments that may be levied upon said Property, and shall promptly deliver to Mortgagee receipts showing payment thereof. Mortgagor shall pay when due all water charges and all other amounts which might become a lien upon the Property prior to this Mortgage. Mortgagor shall pay when due all taxes and assessments that may be levied upon or on account of this Mortgage or the Obligations secured hereby or upon the interest or estate in said Property created or represented by this Mortgage, whether levied against Mortgagor or otherwise. In the event payment by Mortgagor of any tax referred to in the foregoing sentence would result in the payment of interest in excess of the rate permitted by law, then Mortgagor shall have no obligation to pay the portion of such tax which would result in the payment of such excess; provided, however, in any such event, at any time after the enactment of

the law providing for such tax, Mortgagee, at its election, may declare the entire principal balance of the Obligations secured hereby, together with interest thereon, to be due and payable. Notwithstanding the foregoing or anything contained herein to the contrary, nothing shall require Mortgagor to pay any taxes which Mortgagor in good faith disputes and which Mortgagee, at its own expense, is diligently contesting.

4. **Insurance:** Mortgagor will keep the Property and all improvements, fixtures and equipment now or hereafter upon said Property, insured against loss and damage by fire and the perils covered by extended coverage insurance (including public liability insurance), and against such other risks and in the amounts required by the Loan Agreement, and with such insurer(s) as may from time to time be approved by Mortgagee, with proceeds thereof payable to Mortgagee under a standard mortgagee endorsement thereto, and shall contain an agreement by such insurer(s) that such policy(s) shall not be cancelled or materially modified without at least thirty (30) days prior written notice to Mortgagee. If the Property is located in an area which has been identified by the Secretary of Housing and Urban Development as a flood hazard area and in which flood insurance has been made available under the National Flood Insurance Act of 1968 (the Act), as amended, the Mortgagor will keep the Property covered by flood insurance up to the maximum limit of coverage available under the Act, but not in excess of the amount of the Note. Certificates evidencing such insurance and all renewals thereof (in a form satisfactory to Mortgagee), together with receipts evidencing current payment of the premiums thereon when due, shall be delivered promptly to Mortgagee. In the event of loss or damage to the Property or any part thereof, insurance proceeds shall be adjusted, paid, disbursed, and applied, as determined by Mortgagee, subject to the rights of the holders of the Senior Mortgages. Notwithstanding the foregoing, any cost and expenses, including reasonable attorney's fees, incurred by Mortgagee, shall be paid by Mortgagor to Mortgagee prior to the commencement of any permitted restoration or repair of the Property. In the event that Mortgagee acquires the Senior Mortgages or, in the event that the within Mortgage becomes a first mortgage, then insurance proceeds shall be adjusted by Mortgagee, paid to Mortgagee and applied upon the Obligations in such order as Mortgagee may determine.

Notwithstanding the foregoing, should an Event of Default exist, then Mortgagor shall cure such Event of Default prior to the use of any insurance proceeds for restoration or repair of the Property. If an Event of Default is not cured, then insurance proceeds shall not be used for restoration or repair and shall be applied to the reduction of the Note and other Indebtedness secured by this Mortgage.

5. **Default in Taxes:** If default be made in the payment of any of the aforesaid taxes, liens, charges, assessments or in making repairs or replacements or in procuring and maintaining insurance and paying the premiums therefor or in paying any governmental charges levied or assessed against the Property, or in keeping or performing any other covenants of Mortgagor herein and same is not cured with any applicable notice or cure period, Mortgagee may, at its option, and without any obligation on its part so to do, pay said taxes and assessments, make such repairs and replacements, effect such insurance, pay such premiums or governmental charges, and perform any other covenant of Mortgagor herein. All amounts expended by Mortgagee hereunder shall be secured hereby and shall be due and payable by Mortgagor to Mortgagee forthwith on demand, with interest thereon at the rate at which interest accrues on amounts after the same become due under the Note.

6. **Property Covenants:** Mortgagor will abstain from and will not suffer the commission of waste on said Property and will use commercially reasonable efforts to keep the buildings, improvements, fixtures and equipment now or hereafter thereon in good repair and will make replacements thereto as and when the same become necessary, subject to available insurance proceeds as to an insured casualty. Mortgagor shall promptly notify Mortgagee in writing of the occurrence of any material loss or damage to the Property. Mortgagor shall not materially alter the buildings, improvements, fixtures or equipment now or hereafter upon said Property, or remove the same therefrom, without the written consent of Mortgagee, which shall not be unreasonably withheld or delayed, except for such activities as are directly required to complete the Project as described in the Loan Agreement and as permitted by the holders of the Senior Mortgages. Mortgagor will not permit any portion of the Property to be used for any unlawful purposes. Mortgagor will comply promptly in all material respects with all laws, ordinances, regulations and orders of all public authorities having jurisdiction thereof relating to the Property or the use, occupancy and maintenance thereof, including the Americans with Disabilities Act of 1990, as it may be amended, and Mortgagor shall (a) permit no change in the general nature of the occupancy of the Premises without Mortgagee's prior written consent, which consent shall not be unreasonably withheld or delayed; (b) not initiate or acquiesce in any zoning reclassification without Mortgagee's prior written consent, which consent shall not be unreasonably withheld or delayed; and (c) not, without Mortgagee's prior written consent, which consent shall not be unreasonably withheld or delayed, enter into any lease of the Premises.

7. **Waste:** Failure of the Mortgagor to pay any taxes, assessments or governmental charges levied or assessed against the Property, or any part thereof, or any installment of any such tax, assessment or charge, or any premium upon any such tax, assessment or charge, or any premium upon any policy of insurance covering any part of the Property, at the time or times such taxes, assessments, charges, installments thereof or insurance premiums are due and payable, beyond any applicable notice and cure periods as provided for in the Loan Agreement, shall constitute waste, and in accordance with the provisions of Act No. 236 of the Public Acts of Michigan for 1961, as amended, shall entitle Mortgagee to exercise the remedies afforded by applicable law. Payment by the Mortgagee for and on behalf of the Mortgagor of any such delinquent tax or insurance premium properly payable by Mortgagor under the terms of this Mortgage, shall not cure the default herein described nor shall it in any manner impair the Mortgagee's right to the appointment of a receiver on account thereof. Upon the happening of any such acts of waste and on proper application made therefore by Mortgagee to a court of competent jurisdiction, the Mortgagee shall forthwith be entitled to seek the appointment of a receiver of the Property hereby mortgaged and of the earnings, income, issues and profits thereof, with such powers as the court making such appointment shall confer; the Mortgagor hereby irrevocably consents to such appointment.

8. **Reimbursement:** In the event that Mortgagee is made a party to any suit or proceedings by reason of the interest of Mortgagee in the Property, other than for Mortgagee's default, Mortgagor shall reimburse Mortgagee for all costs and expenses, including reasonable attorney fees, incurred by Mortgagee in connection therewith. All such amounts incurred by Mortgagee hereunder shall be secured hereby and shall be payable by Mortgagor to Mortgagee forthwith on demand, with interest thereon at the rate at which interest accrues on amounts after the same become due under the Note, subject to the rights of the Senior Lenders. The Mortgagor

hereby assigns to the Mortgagee, in their entirety, all judgments, decrees, and awards for injury or damage to the Property and the Mortgagor authorizes the Mortgagee, at its sole election, to apply the same, or the proceeds thereof, to the Obligations hereby secured in such manner as the Mortgagee may elect.

9. **Condemnation:** Subject to the rights of the Senior Lenders, if any, in the event of the taking of all or any portion of the Property in any proceedings under the power of eminent domain, the entire award rendered in such proceedings shall be paid to Mortgagee, to be applied toward reimbursement of all costs and expenses of Mortgagee in connection with said proceedings, toward the payment of all amounts payable by Mortgagor to Mortgagee hereunder, and at the Mortgagee's election, used in any one or more of the following ways: (a) apply the same or any part thereof upon the Obligations secured hereby, whether such Obligations then matured or unmatured, (b) use the same or any part thereof to fulfill any of the covenants contained herein as the Mortgagee may determine, (c) use the same or any part thereof to replace or restore the Property to a condition satisfactory to the Mortgagee, or (d) release the same to the Mortgagor.

10. **Rents/Profits:**

(a) As additional security for the payment of the Obligations, insurance premiums, taxes and assessments, at the time and in the manner herein agreed, and for the performance of the covenants and agreements herein contained, pursuant to Act 210 of the Public Acts of Michigan of 1953, as amended, the Mortgagor does hereby sell, assign, transfer and set over unto the Mortgagee herein, its successors and assigns, all the rents, profits and income under any lease or leases of the mortgaged property (including any extensions, amendments or renewals thereof), whether due or to become due, including all such leases in existence or coming into existence during the period this Mortgage is in effect. This assignment of rents shall run with the land and be good and valid as against the Mortgagor herein or those claiming by, under or through the Mortgagor, from the date of the recording of this instrument. This assignment shall continue to be operative during the foreclosure or any other proceedings taken to enforce this Mortgage. In the event of a sale or foreclosure which shall result in a deficiency, this assignment shall stand as security during the redemption period for the payment of such deficiency. This assignment is given as collateral security only and shall not be construed as obligating Mortgagee to perform any of the covenants or undertakings required to be performed by Mortgagor contained in any such assigned leases. Notwithstanding anything contained herein to the contrary, if Mortgagee exercises its rights to collect rents as provided for herein, it shall pay all costs arising from the operating and/or maintenance of the Property.

(b) Should an Event of Default exist after the passage of all applicable notice and cure periods, the Mortgagor shall, upon demand therefor made by the Mortgagee, deliver and surrender possession of the mortgaged Property to the Mortgagee (if permitted by law) who shall thereafter collect the rents and income therefrom, rent or lease said Property or portion thereof upon such terms and for such time as it may deem best, based upon commercially reasonable terms prevailing at that time, terminate any tenancy (subject to any subordination, attornment and non-disturbance agreement existing between Mortgagee and any tenant of the Property) and maintain proceedings to recover rents or possession of the Property from any tenant or trespasser, and apply the net proceeds of such rent and income to the following purposes:

- (i) preservation of Property;
- (ii) payment of taxes;
- (iii) payment of insurance premiums; or
- (iv) payment of installments of interest and principal due under the terms of the Note.

(c) In the event that the Mortgagor fails, refuses or neglects to deliver or surrender such possession, the Mortgagee shall be entitled to seek the appointment of a receiver of the Property hereby mortgaged and of the earnings, income, issue and profits thereof, with such powers as the court making such appointment may confer.

(d) The provisions of this Paragraph 10 are not intended to evidence an additional recordable event, as may be prohibited by Act 459 of the Public Acts of Michigan of 1996, but rather are included in this Mortgage for purposes of complying with any applicable requirements of Act 210 of the Public Acts of Michigan of 1953, as amended.

11. Default: Should an Event of Default exist after the passage of all applicable notice and cure periods as provided for in the Loan Agreement, then the Mortgagee may at any time after such Event of Default, and without further notice, declare the principal balance of the Note secured hereby, together with interest thereon and all other Obligations, to be due and payable immediately. The commencement of proceedings to foreclose this Mortgage shall, in any event, be deemed such declaration.

12. Title History: Should an Event of Default exist, Mortgagee may cause the abstract or abstracts of title and the tax history or title insurance policy of the aforesaid mortgaged Property to be certified or extended as may be reasonable, or may procure new abstracts of title and tax history or title insurance policies in case none were left or kept on deposit with said Mortgagee, and the money so paid shall be a lien on said Property added to the amount secured by this Mortgage and payable forthwith with interest thereon at the rate at which interest accrues on amounts after the same becomes due under the Note.

13. Acceleration: If foreclosure proceedings of any mortgage (other than the within Mortgage) or any lien of any kind should be instituted against the Property and such proceedings are not either discontinued or bonded in accordance with statutory procedures so as to remove the lien from the real estate records and by a company satisfactory to Mortgagee or title insured (to the satisfaction of Mortgagee, in its reasonable discretion), by the title insurance company insuring this Mortgage, within thirty (30) days, or if any other proceedings, either voluntary or involuntary, are instituted by or against Mortgagor or its successors in title to enforce payment or liquidation of its outstanding obligations, the Mortgagee may, at its option and without notice (notwithstanding any provisions to the contrary in the Loan Agreement), immediately declare its lien and the Obligations which it secures due and payable and institute such proceedings as may be necessary to protect its interest in the Property.

14. Disposition of Property:

(a) Power is hereby granted to Mortgagee, if an Event of Default exists after the passage of all applicable notice and cure periods, to grant, bargain, sell, release and convey the Property, Equipment, and appurtenances at public auction or vendue, and on such sale to execute and deliver to the purchasers, his, her, its or their heirs, successors and assigns, good ample and sufficient deed or deeds of conveyance in law, pursuant to the statute in such case made and provided, and to apply the proceeds of such sale in the manner hereinafter provided.

(b) Upon a foreclosure sale of said Property or any part thereof, the proceeds of such sale shall be applied in the following order:

(i) To the payment of all costs of the suit or foreclosure, including a reasonable attorney fee and the cost of title searches and abstracts;

(ii) To the payment of all other expenses of Mortgagee, including all monies expended by Mortgagee and all other amounts payable by Mortgagor to Mortgagee hereunder, with interest thereon;

(iii) To the payment of the principal and interest of the Note secured hereby;

(iv) To the payment of the surplus, if any, to Mortgagor or to whosoever shall be entitled thereto.

(c) Upon any foreclosure sale of the Property, the same may be sold either as a whole or in parcels, as Mortgagee may elect, and if in parcels, the same may be divided as Mortgagee may elect, and at the election of the Mortgagee may be offered first in parcels and then as a whole, that offer producing the highest price for the entire Property to prevail, any law, statutory or otherwise, to the contrary notwithstanding, and Mortgagor hereby waives the right to require any such sale to be made in parcels or the right to select such parcels.

15. Future Assurances: At any time and from time to time, upon request of the Mortgagee, the Mortgagor will make, execute and deliver or cause to be made, executed and delivered to the Mortgagee and where appropriate will cause to be recorded and/or filed and from time to time thereafter to be re-recorded and/or filed at such time and in such offices and places as shall be reasonably required by the Mortgagee, any and all such other and further mortgages, instruments of further assurance, certificates, financing statements, and other documents as may, in the reasonable opinion of the Mortgagee or its counsel, be necessary or reasonably desirable in order to effectuate, complete and perfect and to continue and preserve the obligation of the Mortgagor under this Mortgage, and the lien of this Mortgage as a lien of the priority herein set forth upon all the Property and Equipment, except at hereinabove stated, whether now owned or hereinafter acquired by the Mortgagor and wheresoever located. Upon any failure by the Mortgagor so to do, the Mortgagee may execute, record, file, re-record and refile any and all such mortgages, instruments, certificates, financing statements, and documents for and in the name of the Mortgagor, and the Mortgagor hereby irrevocably appoints the Mortgagee the agent and attorney-in-fact of the Mortgagor so to do so long as such documents do not expand Mortgagor's obligations under this

Mortgage, the Loan Agreement or Loan Documents. Any expenses of the Mortgagee in connection therewith shall be added to the Obligations of the Mortgagor and shall be secured hereby. None of the foregoing additional instruments to be executed by Mortgagor shall increase the obligations or liabilities of Mortgagor hereunder, under the Note, the Loan Agreement or any other Collateral Document.

16. **Cumulative Rights and Remedies:** Each and every of the rights, remedies and benefits provided to Mortgagee herein shall be cumulative and shall not be exclusive of any other of said rights, remedies or benefits, or of any other rights, remedies or benefits allowed by law, and may be exercised either successively or concurrently. Any waiver by Mortgagee of any default hereunder or any Event of Default shall not constitute a waiver of any similar or other default or Event of Default.

17. **Alienation; Due on Transfer:** Mortgagee in making the loan(s) evidenced by the Note secured by this Mortgage is relying upon the integrity of Mortgagor and its undertaking to maintain the mortgaged Property. If Mortgagor should sell, transfer, convey, lease, assign or further encumber its interest in the mortgaged Property, whether by transfer, sale, pledge or assignment, whether voluntarily or involuntarily, the Mortgagee shall have the right in its sole option thereafter to declare all sums and the Obligations secured hereby and then unpaid to be due and payable forthwith although the period limited for the payment thereof shall not then have expired, anything contained to the contrary hereinbefore notwithstanding, and thereupon to exercise all of its rights and remedies under this Mortgage. If the ownership of the mortgaged Property, or any part thereof, becomes vested in a person other than Mortgagor, the Mortgagee may deal with such successor or successors in interest with reference to this Mortgage, and the Obligations hereby secured, in the same manner as with the Mortgagor, without it in any manner vitiating or discharging the Mortgagor's liability hereby or upon the Obligations hereby secured.

18. **Binding Effect:** All of the covenants and conditions hereof shall run with the land and shall be binding upon the successors and assigns of Mortgagor, and shall inure to the benefit of the successors and assigns of Mortgagee; any reference herein to "Mortgagee" shall include the successors and assigns of Mortgagee.

19. **Terms:** All nouns, pronouns and relative terms relating to Mortgagor shall be deemed to be masculine, feminine or neuter, singular or plural, as the context may indicate. If Mortgagor consists of more than one person, their liability hereunder shall be joint and several. The term "**Event of Default**" shall have the meaning attributed to it in the Loan Agreement.

20. **Power of Sale:** WARNING. THIS MORTGAGE CONTAINS A POWER OF SALE, AND, UPON AN EVENT OF DEFAULT, MAY BE FORECLOSED BY ADVERTISEMENT. IN FORECLOSURE BY ADVERTISEMENT, NO HEARING IS INVOLVED AND THE ONLY NOTICE REQUIRED IS TO PUBLISH NOTICE IN A LOCAL NEWSPAPER AND TO POST A COPY OF THE NOTICE ON THE PROPERTY.

21. **Waiver:** IF THIS MORTGAGE IS FORECLOSED BY ADVERTISEMENT, MORTGAGOR HEREBY VOLUNTARILY INTELLIGENTLY AND KNOWINGLY WAIVES ALL RIGHTS, UNDER THE CONSTITUTION AND LAWS OF THE STATE OF MICHIGAN

AND CONSTITUTION AND LAWS OF THE UNITED STATES, TO ALL NOTICE AND TO ANY HEARING INITIATED BY MORTGAGEE IN CONNECTION WITH THE ABOVE MENTIONED FORECLOSURE BY ADVERTISEMENT, EXCEPT AS SET FORTH IN THE MICHIGAN STATUTE PROVIDING FOR FORECLOSURE BY ADVERTISEMENT.

22. Non-Pledge: Mortgagor will not, without the prior written consent of Mortgagee, mortgage or pledge as security for any other loans obtained by Mortgagor, the Property, including improvements thereon, or the fixtures or personal property owned by Mortgagor and used in the operation of the improvements on the Property, excepting mortgages, security interests and liens granted to the Senior Lenders. If any such mortgage or pledge is entered into without the prior written consent of the Mortgagee, the entire Obligations secured hereby, may, at the option of Mortgagee, be declared immediately due and payable without notice. Further, Mortgagor also shall pay any and all other obligations, liabilities or debts which may become liens, security interest, encumbrances upon or charges against the Property for any repairs or improvements that are now or may hereafter be made thereon, and shall not, without Mortgagee's prior written consent permit any lien, security interest, encumbrance or charge of any kind to accrue and remain outstanding against the Property or any part thereof, or any improvements thereon, irrespective of whether such lien, security interest, encumbrance or charge is junior to the lien of this Mortgage unless bonded in accordance with applicable statutory provisions so as to remove the same from the real estate records or title insured by the title insurance company insuring the within Mortgage, excepting mortgages, security interests and liens granted to the Senior Lenders. Notwithstanding the foregoing, if any personal property of Mortgagor by way of additions, replacements or substitutions is hereafter purchased and installed, affixed or placed by Mortgagor on the Premises under a security agreement the lien or title of which is superior to the lien created by this Mortgage, all the right, title and interest of Mortgagor in and to any and all such personal property, together with the benefit of any deposits or payments made thereon by Mortgagor shall nevertheless be and are hereby assigned to Mortgagee and are covered by the lien of the Mortgage. Notwithstanding the foregoing or anything else contained in this Mortgage or the Loan Documents to the contrary, the following shall be permitted: transfers of: (i) direct or indirect interests in Mortgagor; (ii) not more than forty-nine percent (49%) of the direct or indirect managing member interests or non-managing membership interests in Mortgagor; (iii) direct or indirect interests in Mortgagor for estate planning purposes to the spouse, child, parent, grandparent, grandchild, niece, or nephew of, or to a trust for the benefit of the spouse, child, parent, grandparent, grandchild, niece or nephew of the principals of Mortgagor provided that any such aforementioned descendant(s) of any such principal of Mortgagor continues to control such interest; and (iv) transfers to descendants of principals of Mortgagor resulting from the death or incapacity of a principal of Mortgagor;

23. Security Agreement and Financing Statements: Mortgagor (as Debtor) hereby grants to Mortgagee (as Creditor and Secured Party) as security for the payment of the Note and all other sums secured by this Mortgage a security interest in all the Equipment and personal property owned by Mortgagor described elsewhere in this Mortgage. The security interest granted herein is subordinate to the security interest granted to the Senior Lenders, if any.

Mortgagor shall execute any and all such documents, including without limitation, financing statements pursuant to the Uniform Commercial Code of the State of Michigan as Mortgagee may reasonably request, to perfect, preserve and maintain the priority of the lien created hereby on

property which may be deemed personal property or fixtures, and shall pay to Mortgagee on demand any reasonable out-of-pocket expenses incurred by any such Mortgagee in connection with the preparation, execution and filing of documents. Mortgagor hereby authorizes and empowers Mortgagee to execute and file, on Mortgagor's behalf, all financing statements and refilings and continuations thereof as Mortgagee deems necessary or advisable to create, preserve and protect said lien. This Mortgage shall be deemed a security agreement as defined in said Uniform Commercial Code and the remedies for any violation of the covenants, terms and conditions of the agreements herein contained shall be cumulative and (i) as prescribed herein, or (ii) by general law, or (iii) as to such part of the security which is also reflected in said financing statement by the specific statutory consequences now or hereafter enacted and specified in the Uniform Commercial Code, all at Mortgagee's sole election.

24. Fixture Filing Provisions: If the security agreement described above covers goods which are or are to become fixtures, then this Mortgage shall be effective as a financing statement filed as a fixture filing from the date of the recording hereof. In connection therewith and for the purposes of Article Nine of the Michigan Uniform Commercial Code, (a) Mortgagor is the "debtor" and is a limited liability company organized under the laws of the State of Michigan, (b) the organization number assigned debtor is D83318, (c) Mortgagee is the "secured party", (d) information concerning the security interest created hereby may be obtained from Mortgagee at its address set forth on page 1 of this Mortgage, (e) Mortgagor's mailing address is set forth on page 1 hereof; and (f) this financing statement is to be recorded in the real property records for the county in which the Property is located.

25. Cross Collateralization/Cross Default: This Mortgage and the Indebtedness are hereby cross defaulted and cross collateralized with all existing and future indebtedness of Mortgagor to Mortgagee.

26. Future Advances: This Mortgage secures the payment of all obligations of Mortgagor to the Mortgagee, its successors or assigns, arising out of or in connection with the Obligations, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent or now or hereafter existing or due or to become due, including without limitation of the generality of the foregoing, future advances.

27. Senior Mortgages: Anything contained in this Mortgage to the contrary notwithstanding, this Mortgage may be subject and subordinate to certain other mortgages of record (the "**Senior Mortgages**") previously granted by Mortgagor in favor of certain other lenders (the "**Senior Lenders**"). The Mortgagor warrants, covenants and agrees: (i) to defend the Mortgagee against any and all claims against the Property whatsoever, and the lien created hereby is and will be kept a lien upon said Property and every part thereof, subject only to the Senior Mortgages and the other Permitted Encumbrances; (ii) to pay all amounts required to be paid, and to perform all terms and conditions required to be performed under the Senior Mortgages; and (iii) not to increase, extend, or in any other fashion amend, the aforesaid Senior Mortgages, without the prior written consent of Mortgagee. Any default by Mortgagor under the Senior Mortgages shall be deemed a default under this Mortgage.

(SIGNATURES ON FOLLOWING PAGE)

IN WITNESS WHEREOF, this Mortgage is executed the day and year first above written.

MORTGAGOR:

PARADISE VALLEY REAL ESTATE HOLDINGS, LLC,

a Michigan limited liability company

By: REAL TIMES HOLDINGS, LLC,
Its: Managing Member

Olga Hill
Olga Hill

Print Name
Hiram E. Cox

Print Name

By: *Hiram E. Jackson*

Hiram E. Jackson
Its: CEO

STATE OF MICHIGAN)
)ss.
COUNTY OF WAYNE)

The foregoing instrument was acknowledged before me on, *June 28*, 2013 by Hiram E. Jackson, as CEO of **REAL TIMES HOLDINGS, LLC**, as Managing Member of **PARADISE VALLEY REAL ESTATE HOLDINGS, LLC**, a Michigan limited liability company, on behalf of said company.

Kraus Walker
Print: *Kraus Walker*
Notary Public, Wayne County, Michigan
My commission expires: *2/5/2017*
Acting in the County of Wayne

Drafted by and when recorded return to:
James M. Edwards
City of Detroit Law Department
Coleman A. Young Municipal Center
2 Woodward Ave., Suite 500
Detroit, Michigan 48226

EXHIBIT "A"

LEGAL DESCRIPTION OF PREMISES

Land in the City of Detroit, County of Wayne, State of Michigan being more particularly described as:

Lot 107 and the South one (1) foot of Lot 104, Houghton's Section of the Brush Farm Subdivision, Liber 7, Page 174 of Plats, Wayne County Records.

Tax Parcel No. 003935, Ward 01

EXHIBIT "B"
PERMITTED ENCUMBRANCES

EXHIBIT C
SECURITY AGREEMENT

SECURITY AGREEMENT

The undersigned, PARADISE VALLEY REAL ESTATE HOLDINGS, LLC, a Michigan limited liability company ("**Debtor**"), whose address is 479 Ledyard Street, Detroit, Michigan 48201, hereby grants to the CITY OF DETROIT, a Michigan public body corporate ("**Secured Party**"), whose address is c/o Planning and Development Department, 2300 Cadillac Tower, Detroit, Michigan 48226, a continuing security interest in all of following described property of Debtor wherever located, now owned and hereafter acquired by Debtor, used or usable in connection with Debtor's business, and all proceeds thereof, including, but not limited to, any insurance and/or insurance proceeds (collectively called "**Collateral**");

(a) All equipment as that term is defined in the UCC, and includes, but is not limited to, appliances, tools, furniture and tangible personal property, used or bought for use primarily in Debtor's business of every nature, presently existing or hereinafter acquired or created, wherever located, additions, accessories and improvements thereto and substitutions therefore and all parts which may be attached to or which are necessary for the operation and use of such personal property, whether or not the same are deemed affixed to real property, and all rights under or arising out of present or future contracts relating to the foregoing. All Equipment is and will remain personal property irrespective of its use or manner of attachment to real property.

(b) All inventory as that term is defined in the UCC and includes tangible personal property held for sale or lease, including, but not limited to, new and used motor vehicles, trailers, semi-trailers, now owned or hereinafter acquired from manufacturers, distributors or sellers, whether by way of sale, purchase, replacement, substitution, addition, or otherwise, or to be furnished under contracts of service, raw materials, work in process, finished goods and materials used, produced or consumed in the Debtor's business, and includes tangible personal property returned to the Debtor by a purchaser thereof following the sale or lease thereof by the Debtor. All equipment, accessories and parts related to, attached to or added to items of inventory or used in connection therewith and all accessions thereto will be deemed to be part of the Inventory.

(c) All replacements, substitutions, or additions, accessions, or increase in or to the Collateral.

(d) All of Debtor's books and records which relate to the Collateral.

THIS SECURITY INTEREST SECURES PAYMENT AND PERFORMANCE OF ALL INDEBTEDNESS AND OBLIGATIONS NOW AND HEREAFTER OWING BY DEBTOR TO SECURED PARTY, including all obligations of Debtor under this Agreement, and all indebtedness and obligations now and hereafter owing to Secured Party that are evidenced by any instruments, documents and agreements listed below that have been executed by another person or persons, including any and all renewals, extensions and modifications thereof (collectively called the "**Indebtedness**").

If Debtor is more than one person, the Indebtedness includes all indebtedness and obligations now and hereafter owing to Secured Party by any one or more of such persons, regardless of whether the remaining person or persons are not liable for such indebtedness and obligations or whether one or more persons who are not parties to this Agreement are also liable for all or part of such indebtedness and obligations.

1. Warranties and Representations and Agreements. Debtor warrants and represents to, and agrees with, Secured Party as follows:

(a) If Debtor is a corporation, partnership, limited liability company, association, trust or other entity, it is duly organized and validly existing in good standing under the laws of the state indicated below Debtor's name at the end of this Agreement; Debtor has full power and authority to enter into and perform its obligations under this Agreement; the execution, delivery and performance of this Agreement have been duly authorized by all necessary action of Debtors board of directors, partners, members, trustees or other governing body and will not violate Debtor's articles or certificate of incorporation, articles of organization, bylaws, partnership agreement, articles of association, trust agreement or other governing instrument.

(b) This Agreement is the valid and binding obligation of Debtor, enforceable in accordance with its terms subject to debtor's rights under applicable debtor law.

(c) Debtor is the owner of the Collateral, and none of the Collateral is subject to any lien, security interest, encumbrance or claim in favor of any third party, and no financing statement is on file in any public office covering any of the Collateral.

(d) Debtor's address set forth at the end of this Agreement is the location of either (i) Debtor's sole place of business, or (ii) if Debtor has more than one place of business, Debtor's chief executive office, or (iii) if Debtor has neither a place of business nor a chief executive office, Debtor's residence.

(e) None of the Collateral consisting of equipment or inventory is, and Debtor will not permit any of such Collateral to be, contaminated or the source of contamination of any other property, by any substance that is now or hereafter regulated by or subject to any past, present, or future federal, state, local, or foreign law, ordinance, rule, regulation, or order that regulates or is intended to protect public health or the environment or that establishes liability for the investigation, removal or clean-up of, or damage caused by, any environmental contamination. Debtor will store, maintain and operate such Collateral in compliance with all such laws and regulations. Debtor will indemnify Secured Party with respect to all losses, damages, liabilities and expenses (including attorneys' fees) incurred by Secured Party by reason of any failure of Debtor to comply with Debtor's obligations under this subparagraph except for any negligent acts or omissions of Secured Party.

2. Agreements of Debtor. Debtor agrees that:

(a) Debtor will not cause or permit any lien, security interest or encumbrance to be placed on any Collateral, except in favor of Secured Party, and Debtor will not sell, assign or transfer any Collateral or permit any Collateral to be transferred by operation of law, except that so long as no event of default has occurred, Debtor may sell assets in the ordinary course of Debtor's business consistent with past practices. A sale in the ordinary course of business does not include a transfer in partial or complete satisfaction of a debt.

(b) Debtor will maintain all records concerning the Collateral at Debtor's address appearing at the end of this Agreement and will keep all Collateral (other than any vehicle being operated in the ordinary course of business) at the present location or locations of the Collateral.

(c) Debtor will furnish Secured Party with such information regarding the Collateral as Secured Party shall from time to time reasonably request in writing (including, without limitation, the names and addresses of Debtor's account debtors and the amount owing by each) and will allow Secured Party at any reasonable time to inspect the Collateral and Debtor's records regarding the Collateral.

(d) Debtor will, or authorizes Secured Party to, execute, file, record, or procure from third persons, such financing statements, subordination agreements and other documents, and take all such other action, as Secured Party may deem necessary to perfect, to continue perfection of, or to maintain first priority of, Secured Party's security interest in the Collateral, and Debtor will place upon the Collateral and/or documents evidencing the Collateral such notice of Secured Party's security interest as Secured Party may from time to time require.

(e) Secured Party may file a photocopy of this Agreement as a financing statement evidencing Secured Party's security interest in the Collateral.

(f) Debtor will maintain all Collateral consisting of equipment and inventory in good condition and repair and maintain fire, subject to available insurance proceeds, and extended coverage insurance covering all such Collateral in such amounts and against such risks as Secured Party shall require. Each insurance policy will provide that its proceeds will be payable to Secured Party to the extent of Secured Party's interest in such Collateral and that the policy will not be canceled, and the coverage will not be reduced, without at least ten days' prior written notice by the insurer to Secured Party. Debtor will provide Secured Party with written evidence of such insurance coverage. Debtor agrees that Secured Party may act as agent for Debtor in obtaining, adjusting and settling such insurance and endorsing any draft evidencing proceeds thereof except as otherwise provided in Mortgage or Loan Agreement.

(g) Debtor will pay, before they become delinquent, all taxes and assessments upon the Collateral consisting of equipment or inventory or for its use or operation and pay and perform when due all indebtedness and obligations under all leases, land contracts or other agreements under which Debtor has possession of any real property upon which any of such Collateral shall at any time be located and under any mortgage or mortgages at any time covering any such real property.

(h) Debtor will immediately notify Secured Party in writing (i) of any change in Debtor's name, identity or corporate structure, (ii) if Debtor now has only one place of business, of any change in its location and of the location of each additional place of business established by Debtor, (iii) if Debtor now or hereafter has more than one place of business, of any change in the location of Debtor's chief executive office, and (iv) if Debtor has neither a place of business nor a chief executive office, of any change in the location of Debtor's residence.

(i) Debtor will indemnify Secured Party with respect to all losses, damages, liabilities and expenses (including attorneys' fees) incurred by Secured Party by reason of any failure of Debtor to comply with any of Debtor's obligations under this Agreement or by reason of any warranty or representation made by Debtor to Secured Party in this Agreement being false in any material respect.

3. Secured Party's Right to Perform. If Debtor fails to perform any obligation of Debtor under this Agreement, Secured Party may, without giving notice to or obtaining the consent of Debtor, perform that obligation on behalf of Debtor. (This may include, for example, obtaining insurance coverage for Collateral or paying off liens on Collateral.) To the extent necessary, Debtor appoints Secured Party as Debtor's agent and attorney-in-fact with full power and authority to perform any such obligation. Debtor will reimburse Secured Party on demand for any expense that Secured Party incurs in performing any such obligation and will pay to Secured Party interest thereon, from the date the expense was incurred by Secured Party, at an annual rate equal to the lesser of (a) five percent (5%) above the rate of interest announced from time to time by JPMorgan Chase Bank, N.A. (or such other banking institution named by Secured Party) as its "prime" interest rate, or (b) the highest rate to which Debtor could lawfully agree in writing. Secured Party is not required to perform an obligation that Debtor has failed to perform. If Secured Party does so, that will not be a waiver of Secured Party's right to declare the Indebtedness immediately due and payable by reason of Debtor's failure to perform.

4. Events of Default and Acceleration. Any part or all of the Indebtedness shall, at the option of Secured Party, become immediately due and payable without notice or demand upon the occurrence of any of the following events of default after the passage of all applicable notice and cure periods:

(a) If default occurs in the payment or performance of any of the Indebtedness, when and as it shall be due and payable if such Indebtedness shall remain unpaid for ten (10) days after notice.

(b) If default occurs in the performance of any obligation of Debtor to Secured Party under this Agreement or under the land contract or other instrument at any time evidencing any Indebtedness if not cured within thirty (30) days after notice thereof.

(c) If Debtor shall dissolve, become insolvent or make an assignment for the benefit of creditors.

If a voluntary or involuntary case in Bankruptcy, receivership or insolvency shall at any time be commenced by or against Debtor or any of Debtor's partners (if Debtor is a partnership) or if any attachment, garnishment, levy, execution or other legal process shall at any time be issued against or placed upon any Collateral, then the entire Indebtedness shall automatically become immediately due and payable, without notice or demand. All or part of the Indebtedness also may become, or may be declared to be, immediately due and payable under the terms of any note at any time evidencing any of the Indebtedness or of any loan agreement, Security Document or other agreement heretofore or hereafter entered into between Debtor and Secured Party.

5. Remedies. Secured Party shall have all the rights and remedies of a secured party under applicable laws. Without limiting those rights and remedies, if all or any part of the Indebtedness is not paid at maturity:

(a) Upon demand by Secured Party, Debtor shall deliver the Collateral and proceeds of Collateral to Secured Party at such place as Secured Party shall designate and all books, records, agreements, leases, documents and instruments evidencing or relating to the Collateral.

(b) Secured Party may dispose of the Collateral in any commercially reasonable manner. Any notification required to be given by Secured Party to Debtor regarding any sale or other disposition of Collateral shall be considered reasonable if mailed at least five days before the sale or other disposition.

(c) The proceeds of any collection or disposition of the Collateral shall be applied first to Secured Party's attorneys' fees and expenses, as provided in paragraph 6 hereof, and then to the Indebtedness, in such manner as Secured Party shall determine, and Debtor shall be liable for any deficiency remaining.

(d) Secured Party shall have the right (but no obligation) to continue or complete the manufacturing or processing of, or other operations in connection with, any part of the Collateral consisting of inventory and, for such purpose, to enter and remain upon or in any land or buildings that are possessed by Debtor or that Debtor has the right to possess. Debtor will reimburse Secured Party on demand for any expense that Secured Party incurs in connection therewith and will pay to Secured Party interest thereon, from the date the expense was incurred by Secured Party, at the rate specified in paragraph 3 hereof.

All rights and remedies of Secured Party shall be cumulative and may be exercised from time to time.

6. **Expenses.** Debtor shall reimburse Secured Party on demand for all reasonable attorneys' fees, legal expenses and other expenses that Secured Party incurs in protecting and enforcing its rights under this Agreement. This includes fees and expenses incurred in trying to take possession of Collateral from Debtor, a trustee or receiver in Bankruptcy or any other person. Secured Party may apply any proceeds of disposition or collection of Collateral to Secured Party's attorneys' fees, legal expenses and other expenses.

7. **Amendments and Waivers.** No provision of this Agreement may be modified or waived except by a written agreement signed by Secured Party. Secured Party will continue to have all of its rights under this Agreement even if it does not fully and promptly exercise them on all occasions.

8. **Notices.** Any notice to Debtor or to Secured Party shall be deemed to be given if and when mailed, with postage prepaid, to the respective address of Debtor or Secured Party appearing herein, or if and when delivered personally.

9. **Other.** In this Agreement, "maturity" of any of the Indebtedness means the time when that Indebtedness has become due and payable, for whatever reason (including, for example, acceleration due to default or Bankruptcy). If Debtor is more than one person, their obligations under this Agreement are joint and several, and the term "Debtor" refers to each and all of them. This Agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective heirs, personal representatives, successors and assigns.

The parties have executed this Security Agreement on this 28th day of June, 2013.

"DEBTOR":

**PARADISE VALLEY REAL ESTATE
HOLDINGS, LLC,**

a Michigan limited liability company

By: REAL TIMES HOLDINGS, LLC.

Its: Managing Member

By: _____

Hiram E. Jackson

Its: CEO

"SECURED PARTY":

City of Detroit,

a Michigan public body corporate

By: _____

Name: _____

Title: _____

EXHIBIT D
1452 RANDOLPH STREET REHABILITATION PROJECT BUDGET
AND JOBS PROJECTIONS

Sources of Funds for Acquisition and Construction

CDBG Loan	\$900,000
Investor Equity	\$290,800
DEGC Loan	\$200,000
State Loan/Grant	\$384,994
Federal Historic TC Bridge Loan	\$335,500
Construction Loan	\$446,317
Deferred Development Fee	\$168,420
Total Sources of Funds	\$2,726,031

Jobs Projections by Position

Social Media/Web Technicians	10
Audio/Visual Engineers	3
Videographer	1
Account Executives	2
Receptionist	1
Marketing Coordinators	2
Chronicle Café Attendants	10
Web Reporters	2
Repair Technician	1
Administrative Assistant	1
Distribution Manager	1

EXHIBIT D ADDENDUM – CDBG CONSTRUCTION BUDGET

Construction	Allocation
Building Rehabilitation Hard Costs	\$ 765,000
Construction Soft Costs	135,000
TOTAL NOT TO EXCEED	\$ 900,000

Exhibit E - Promissory Note

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM NOTE

\$900,000.00

(Paradise Valley Real Estate Holdings, LLC)

June 28, 2013
Detroit, Michigan

For value received the undersigned Paradise Valley Real Estate Holdings, LLC, a Michigan limited liability company ("**Obligor**"), hereby promises to pay or cause to be paid to the order of the Treasurer of the City of Detroit, a Michigan public body corporate (the "**City**"), or its successors or assigns, in immediately available funds, at 2 Woodward Avenue, Detroit, Michigan 48226, or at any other place designated by the holder hereof, the principal sum of Nine Hundred Thousand and 00/00 Dollars (\$900,000.00) (the "**CDBG Loan**"), pursuant to the terms of and in accordance with the provisions of that certain Development and Loan Agreement, dated of even date herewith (the "**Obligor Loan Agreement**"), between Obligor and the City, until the principal sum hereof, together with any interest thereon, is paid in full in accordance herewith and with the terms of the Obligor Loan Agreement, all payments to be paid in currency which at the time or times of payment is legal tender for public and private debts in the United States of America, as follows:

- (a) The term of the loan evidenced by this Note shall commence upon the disbursement of the proceeds of the CDBG Loan by the City to Obligor and shall end on June 28, 2017.
- (b) Interest shall accrue from the date of the disbursement of the proceeds of the CDBG Loan by the City (the "**Advance**") and shall be charged on the then outstanding principal amount of the CDBG Loan as evidenced by this Note, or such lesser amounts as may from time to time be advanced and outstanding under this Note, at a fixed interest rate equal to 1% per year compounded annually ("**Fixed Interest Rate**").
- (c) From and including the date of the Advance, interest shall be paid quarterly at the Fixed Interest Rate on the unpaid principal balance of the Note on the first day of each February, May, August and November (each a "**Payment Date**"), commencing on the first Interim Payment Date after the Advance is made under this Note.
- (d) Obligor may prepay this Note at any time in whole or in part without penalty or fee.

This Note is secured by the Security Agreement dated of even date herewith, executed by Obligor in favor of the City. Obligor promises to use the proceeds of this Note only for the purpose of paying Project Costs incurred in connection with the Project, as described in the

Obligor Loan Agreement, to be undertaken at the property described in the Security Agreement all as more fully set forth in the Obligor Loan Agreement. The definitions of words or phrases used herein have not here been set forth in every instance; hence, capitalized words or phrases that have not been defined herein shall have the meanings given them in the Obligor Loan Agreement.

The principal sum evidenced hereby is further secured by the proceeds of any claim payable under any insurance now owned or hereafter acquired on the Collateralized Property containing a loss payable clause identifying the City as a secured party or a loss payee as its interests may appear, subject to Obligor's right to replace, rebuild or restore as provided in the Obligor Loan Agreement.

Every person at any time liable for payment of the debt evidenced hereby, waives presentment, demand and notice of nonpayment of this Note, except as otherwise provided in the Obligor Loan Agreement, and consents that the holder may extend the time for payment of the whole or any part of the debt, waive compliance with any other provision of this Note and release any security for this Note.

In the event any installment of interest or principal under this Note remains unpaid for more than ten (10) days after Obligor has received written notice from the City of a failure to pay any interest or principal payment on or before its due date, the unpaid outstanding principal amount of this Note, together with accrued interest and late charges, shall become due and payable, at the option of the City, at the place aforesaid without further notice to Obligor, and the holder of this Note, its legal representatives or assigns, may proceed at once to collect this Note, and seize, take possession, secure, sell, lease or otherwise dispose of the collateral granted as security for it, as the holder hereof sees fit, and collect costs and assessments that may be due thereon, together with reasonable attorneys' fees and costs, if suit be commenced for the purpose of collecting this debt or acquiring the collateral that secures it. Failure by the City to exercise this election, however, shall not constitute a waiver of the right to exercise it upon and during the continuance of any future uncured Event of Default. If the interest on, and the principal of, this Note are not paid during the calendar month which includes the due date, Obligor shall pay or cause to be paid to the City a late charge of Five Hundred and 00/00 Dollars (\$500.00) per month, or fraction thereof, together with interest at a default rate of interest of eight percent (8%) per annum on the amount past due and remaining unpaid. If this Note is reduced to judgment, such judgment shall bear the statutory interest rate on judgments but not to exceed eight percent (8%) per annum.


Notwithstanding anything in this Note to the contrary, nothing herein contained or any transaction related hereto shall be construed, or shall so operate, either presently or prospectively to: (a) require payment of interest at a rate greater than is now lawful in the State of Michigan, but shall require payment of interest only to the extent that such rate is lawful, or (b) require Obligor to make any payment or to do any act contrary to law; and if any clause or provision herein contained shall otherwise so operate to invalidate any clause or provision of this Note, in whole or in part, then such clause or provision shall be held for naught as though not herein contained, and the remainder of this Note shall remain operative and in full force and effect.

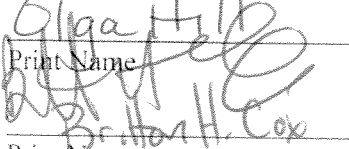
The indebtedness evidenced by this Note and the Security Agreement securing it shall not be assigned or transferred by the undersigned for assumption of payment nor assumed without the prior written consent of the holder of this Note, which consent shall be at the sole option and discretion of the holder, except as may be otherwise permitted in the Security Agreement or the Obligor Loan Agreement.

This Note shall be governed by and construed in accordance with the laws of the State of Michigan.

By executing below, Obligor acknowledges receipt of a completed copy of this Note.

WITNESSES:



Print Name


Print Name

PARADISE VALLEY REAL ESTATE HOLDINGS, LLC, a Michigan limited liability company

By: Real Times Holdings, LLC,
Its: Managing Member

By:



Hiram E. Jackson
Its: CEO

EXHIBIT F

STATEMENT OF SATISFACTION AND AUTHORIZATION TO PAY
(Per Section 4.01 above of this Agreement)

() For Completion of all contract work

() For Completion of the following contract specification work items in support of a partial payment to the Contractor (also identify Contractor by name):

() For purchase of the following items or equipment:

for work on, under or above the 1452 Randolph Street Rehabilitation Project being constructed or installed at the following location[s]:

_____, Detroit, Michigan

_____, Detroit, Michigan

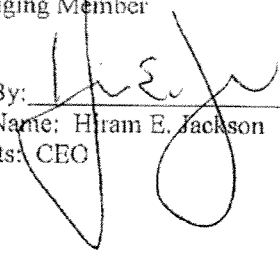
_____ (Other 1452 Randolph Street Rehabilitation Project locations or addresses)

I acknowledge that the quality of the work completed or the equipment that has been purchased is satisfactory and that the aforesaid payment is approved.

I authorize partial or full (circle one) payment in the amount of \$ _____ as indicated above.

**Obligor: PARADISE VALLEY REAL ESTATE
HOLDINGS, LLC,**
a Michigan limited liability company

By: REAL TIMES HOLDINGS, LLC,
its Managing Member

By: 
Name: Hiram E. Jackson
Its: CEO

(Date)

EXHIBIT G

DISCLOSURE OF INTERESTS IN CONTRACTS

(Per Section 8.02 above of this Agreement)

NONE

EXHIBIT H

EQUAL OPPORTUNITY CLAUSE (EXECUTIVE ORDER 11246)

During the performance of this contract, the Contractor agrees as follows:

1. The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.
2. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
3. The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the Contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
4. The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
5. The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
6. In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

7. The Contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance; Provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

EXHIBIT I

EXECUTIVE ORDER NO. 2007-1

THIS LANGUAGE MUST BE INCLUDED IN ALL BID PACKAGES, CONTRACTS AND SUBCONTRACTS FOR ALL CONSTRUCTION AND DEMOLITION PROJECTS, TO WHICH EXECUTIVE ORDER NO 2007-1 APPLIES.

EXECUTIVE ORDER NO. 2007-1 EMPLOYMENT OF LOCAL LABOR ON PUBLICLY FUNDED CONSTRUCTION AND DEMOLITION PROJECTS:

All City of Detroit project construction contracts shall provide that at least fifty-one percent (51%) of the workforce must be bona-fide Detroit residents. In addition, Detroit residents shall perform fifty-one percent (51%) of the hours worked on the project. Workforce and project hours shall include work performed by Detroit residents in the various job categories: officials and managers; supervisors and forepersons, professionals, technicians, sale workers, office and clerical, skilled trades, craft workers, operators, laborers, service workers, apprentices, and on-the-job training positions.

Failure to meet the Detroit resident workforce requirement, including project hours, will result in the following monthly financial penalties:

Financial Penalties

Detroit Resident Hours

Monthly Recruitment Fee

45%-50%	3%
40%- 44%	7%
30%-39%	10%
0% -29%	15%

Developers, general contractors, prime contractors and sub-contractors are required to pass the requirements of this Executive Order down to all lower-tier contractors. However, it is the sole responsibility of the entity contracting with the City of Detroit to require all of their contractors to comply with the City of Detroit requirement to utilize fifty-one percent (51%) of Detroit residents on construction projects. In reaching the Detroit residency requirement, local union halls may be utilized, however, the City of Detroit Workforce Development Department and/or its designee shall be the first source utilized to recruit and hire Detroit residents, where Detroit residents are unavailable at the local union halls. **Failure to meet the requirements of this Executive Order will constitute a breach of contract and may result in immediate termination of the contract.**

At the option of the City of Detroit, any developer, general contractor, prime contractor, sub-contractor, or lower-tier contractor that is deficient in the utilization of Detroit residents may be barred from doing business with the City of Detroit for one (1) year. In addition, the City of Detroit reserves the right to re-bid the contract, in whole or in part, and/or hire its own workforce to complete the work.

All construction contracts, construction contract amendments, change orders, and extensions shall include the terms of this Executive Order. The Human Rights Department shall have the responsibility for preparing administrative guidelines, monitoring, and enforcing the provisions of this Executive Order.

EXHIBIT J

EXECUTIVE ORDER NO. 2003-4

TO: ALL BOARDS, COMMISSIONS, DEPARTMENT DIRECTORS, CITY COUNCIL MEMBERS AND THE CITY CLERK

FROM: KWAME M. KILPATRICK, MAYOR

RE: UTILIZATION OF DETROIT HEADQUARTERED BUSINESSES AND DETROIT BASED BUSINESSES FOR CITY OF DETROIT CONTRACTS

DATE: October 14, 2003

It is the policy of this administration to encourage and increase the utilization of Detroit Headquartered Businesses and Detroit-Based Businesses. An important component of the economic revitalization of Detroit is the utilization of Detroit Headquartered Businesses and Detroit Based Businesses in the City of Detroit's contracting. The City government is a major purchaser of goods and services. A substantial percentage of the City of Detroit's budget will be used to purchase goods and services to meet the needs of Detroit and its citizens.

This Executive Order directs City departments and agencies to implement specific purchasing goals for the utilization of Detroit Headquartered Businesses and Detroit Based Businesses. The goal of this administration is to award thirty percent (30%) of the total dollar value of City contracts to Detroit Headquartered Businesses and Detroit-Based Businesses. The ability of individual departments to achieve this goal may vary as a function of the types of goods and services required and the availability of Detroit Headquartered Businesses and Detroit-Based Businesses to perform any given contract. However, all departments shall make their best efforts to meet this goal. All City departments and agencies are directed to review their contracting practices and procedures for the implementation of this Executive Order.

The Purchasing Ordinance, Detroit City Code Section 18-5-2, provides equalization factors to be applied to the bids of Detroit Headquartered Businesses and Detroit-Based Businesses. All City departments and agencies shall encourage such businesses to participate in the bidding for their contracts.

The Purchasing Ordinance, Detroit City Code Section 18-5-33, provides that professional services contracts are to be open to competition utilizing requests for proposals, requests for qualifications or requests for quotations. It provides that a firm's status as a Detroit-Based Business, Joint Venture, or Mentor Venture shall be one of the evaluation criteria used to select professional service contractors. All City departments and agencies shall encourage such businesses to participate in the bidding for their professional services contracts.

One of the goals of this Executive Order is to encourage more Detroit Based Businesses to locate their headquarters in Detroit. That will be an important part of the economic revitalization of Detroit.

For the purposes of this Executive Order “**Headquarters**” and “**Detroit Based**” shall have the definitions assigned to them in Section 18-5-1 of the 1984 Detroit City Code.

This Executive Order supersedes Executive Order No. 4 issued by Mayor Dennis Archer on October 28, 1994.

This Executive Order shall take effect on November 1, 2003.

EXHIBIT K

FEDERAL LABOR STANDARDS PROVISIONS

Form HUD-4010

[CITY WILL PROVIDE TEXT]



Federal Labor Standards Provisions

U.S. Department of Housing
And Urban Development

Applicability

The Project or Program to which the construction work covered by this contract pertains is being assisted by the United States of America and the following Federal Labor Standards Provisions are included in this Contract pursuant to the provisions applicable to such Federal assistance.

A. 1. (i) Minimum Wages. All laborers and mechanics employed or working upon the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project), will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR Part 3), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics. Contributions made or costs reasonably anticipated for bona fide fringe benefits under Section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of 29 CFR 5.5(a)(1)(iv); also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs, which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period.

Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in 29 CFR Part 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, That the employer's pay-roll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under 29 CFR Part 5.5(a)(1)(ii) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

(ii) (a) Any class of laborers or mechanics which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. HUD shall approve an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met.

(1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(2) The classification is utilized in the area by the construction industry; and

(3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(b) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and HUD or its designee agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken shall be sent by HUD or its designee to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, D.C. 20210. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification action within 30 days of receipt and so advise HUD or its designee or will notify HUD or its designee within the 30-day period that additional time is necessary. (Approved by the Office of Management and Budget under OMB control number 1215-0140).

(c) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and HUD or its designee do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate).

HUD or its designee shall refer the questions, including the views of all interested parties and the recommendation of HUD or its designee, to the Administrator for determination. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt and so advise HUD or its designee or will notify HUD or its designee within the 30-day period that additional time is necessary. (Approved by the Office of Management and Budget under OMB Control Number 1215-0140.)

(d) The wage rate (including fringe benefits where appropriate) determined pursuant to subparagraphs (1)(b) or (c) of this paragraph, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program. Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program. (Approved by the Office of Management of Budget under OMB Control Number 1215-0140.)

2. Withholding. HUD or its designee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld from the contractor under this contract of any other Federal contract with the same prime contractor, or any other Federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees and helpers employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee or helper, employed or working on the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project), all or part of the wages required by the contract, HUD or its designee may, after written notice to the contractor, sponsor, applicant, or owner take such action as may be necessary to cause the suspension of any further payment advance or guarantee of funds until such violations have ceased. HUD or its designee may, after written notice to the contractor disburse such amounts withheld for and on account of the contractor or sub-contractor to the respective employees to whom they are due. The Comptroller General shall make such disbursements in the case of direct Davis-Bacon Act contracts.

3. (i) Payrolls and basic records. Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work (or under the United States Housing Act of 1937, or under the Housing Act of 1949, in the construction or development of the project). Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof the types described in Section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5 (a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in Section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been

communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs. (Approved by the Office of Management and Budget under OMB Control Numbers 1215-0140 and 1215-0017.)

(ii) (a) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to HUD or its designee if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to HUD or its designee. The payrolls submitted shall set out accurately and completely all the information required to be maintained under 29 CFR Part 5.5(a)(3)(i). This information may be submitted in any form desired. Optional Form WH-347 is available for this purpose and may be purchased from the Superintendent of Documents (Federal Stock Number 029-005-00014-1), U.S. Government Printing Office, Washington, DC 20402. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. (Approved by the Office of Management and Budget under OMB Control Number 1215-0149.)

(b) Each payroll submitted shall be accompanied by a "Statement of Compliance" signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be maintained under 29 CFR Part 5.5 (a)(3)(i) and that such information is correct and complete;

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned without rebate either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned other than permissible deductions as set forth in 29 CFR Part 3;

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed as specified in the applicable wage determination incorporated in the contract.

(c) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph A.3.(ii)(b) of this section.

(iii) The contractor or subcontractor shall make the records required under paragraph A.3.(i) of this section available for inspection, copying, or transcription by authorized representatives of HUD or its designee or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, HUD or its designee may after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR Part 5.12.

4. (i) Apprentices and Trainees. Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training, or with a State Apprenticeship Agency recognized by the Bureau, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Bureau of Apprenticeship and Training or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In

addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rate (expressed in percentages of the journeyman's hourly rate specified in the registered program for the apprentice's level of progress expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Bureau of Apprenticeship and Training, or a State Apprenticeship Agency recognized by the Bureau withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) **Trainees.** Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In addition, any trainee performing work on the job site not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) **Equal employment opportunity.** The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR Part 30.

5. Compliance with Copeland Act requirements. The contractor shall comply with the requirements of 29 CFR Part 3 which are incorporated by reference in this contract.

6. Subcontracts. The contractor or subcontractor will insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as HUD or its designee may by appropriate instructions require and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR Part 5.5.

7. Contract termination; debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

8. Compliance with Davis-Bacon and Related Act Requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR Parts 1.3 and 5 are herein incorporated by reference in this contract.

9. Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR Parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and HUD or its designee,

the U.S. Department of Labor, or the employees or their representatives.

10. (i) Certification of Eligibility. By entering into this contract the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of Section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1) or to be awarded HUD contracts or participate in HUD programs pursuant to 24 CFR Part 24.

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of Section 3(a) of the Davis-Bacon Act or 29 CFR 4.12(a)(1) or to be awarded HUD contract or participate in HUD programs pursuant to 24 CFR Part 24.

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code 18 U.S.C. 1001. Additionally, U.S. Criminal Code Section 1010, Title 18 U.S.C. "Federal Housing Administration transactions" provides in part "Whoever, for the purpose of... influencing in any way the action of such Administration... makes, utters or publishes any statement knowing the same to be false... shall be fined not more than \$5,000 or imprisoned not more than two years or both."

(11). Complaints, Proceedings, or Testimony by Employees. No laborer or mechanic to whom the wage, salary, or other labor standards provisions of this Contract are applicable shall be discharged or in any other manner discriminated against by the Contractor or any subcontractor because such employee has filed any complaint or instituted or caused to be instituted any proceeding or has testified or is about to testify in any proceeding under or relating to the labor standards applicable under this Contract to his employer.

B Contract Work Hours and Safety Standards Act. As used in this paragraph, the terms "Laborers" and "Mechanics" include watchmen and guards.

(1) Overtime requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

(2) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in subparagraph (1) of this paragraph, the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages.

Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in subparagraph (1) of this paragraph, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (1) of this paragraph.

(3) **Withholding for unpaid wages and liquidated damages.** HUD or its designee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contract or any other Federally-assisted contract subject to the Contract Work Hours and Safety Standards Act which is held by the same prime contractor such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (2) of this paragraph.

(4) **Subcontracts.** The contractor or subcontractor shall insert in any subcontracts the clauses set forth in subparagraph (1) through (4) of this paragraph and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in subparagraphs (1) through (4) of this paragraph.

C. Health and Safety

(1) No laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous to his health and safety as determined under construction safety and health standards promulgated by the Secretary of Labor by regulation.

(2) The Contractor shall comply with all regulations issued by the Secretary of Labor pursuant to Title 29 Part 1926 (formerly part 1518) and failure to comply may result in imposition of sanctions pursuant to the Contract Work Hours and Safety Standards Act (Public Law 91-54, 83 Stat 96).

(3) The Contractor shall include the provisions of this Article in every subcontract so that such provisions will be binding on each subcontractor. The Contractor shall take such action with respect to any subcontracts as the Secretary of Housing and Urban Development or the Secretary of Labor shall direct as a means of enforcing such provisions.

EXHIBIT L

WAGE DETERMINATION

[CITY WILL PROVIDE TEXT]

EXHIBIT L

General Decision Number: MI130101 07/05/2013 MI101

Superseded General Decision Number: MI20120101

State: Michigan

Construction Type: Building

County: Wayne County in Michigan.

BUILDING CONSTRUCTION PROJECTS (does not include single family homes or apartments up to and including 4 stories).

Modification Number	Publication Date
0	01/04/2013
1	01/18/2013
2	02/01/2013
3	03/01/2013
4	04/05/2013
5	05/24/2013
6	06/28/2013
7	07/05/2013

ASBE0025-002 06/01/2012

	Rates	Fringes
ASBESTOS WORKER/HEAT & FROST INSULATOR.....	\$ 31.49	27.56

BOIL0169-001 01/01/2012		

	Rates	Fringes
BOILERMAKER.....	\$ 31.88	25.89

BRMI0001-001 06/01/2012		

	Rates	Fringes
BRICKLAYER.....	\$ 32.49	18.11
TILE FINISHER.....	\$ 25.62	16.81
TILE SETTER.....	\$ 31.64	16.81

CARP0687-003 06/01/2012		

	Rates	Fringes
CARPENTER (Including Acoustical Ceiling Installation, Drywall Hanging, Form Work, Metal Stud Installation & Scaffold Building).....	\$ 29.41	22.89

CARP1045-001 06/01/2012		

EXHIBIT L

	Rates	Fringes
CARPENTER (Floor Layer - Carpet, Resilient, & Vinyl Flooring).....	\$ 26.70	20.37

CARP1102-002 06/01/2012

	Rates	Fringes
MILLWRIGHT.....	\$ 31.07	27.64

* ELEC0058-001 06/30/2013

	Rates	Fringes
ELECTRICIAN (Low Voltage Wiring and Installation of Alarms)		
Installer.....	\$ 24.25	12.38
Technician.....	\$ 30.11	12.56
ELECTRICIAN.....	\$ 35.08	22.44

ELEV0036-002 01/01/2013

	Rates	Fringes
ELEVATOR MECHANIC.....	\$ 45.26	25.185

ENGI0324-017 06/01/2013

	Rates	Fringes
OPERATOR: Power Equipment		
GROUP 1.....	\$ 38.69	21.25
GROUP 2.....	\$ 37.19	21.25
GROUP 3.....	\$ 35.69	21.25
GROUP 4.....	\$ 35.39	21.25
GROUP 5.....	\$ 34.47	21.25
GROUP 6.....	\$ 33.71	21.25
GROUP 7.....	\$ 32.74	21.25
GROUP 8.....	\$ 31.03	21.25
GROUP 9.....	\$ 22.69	21.25

FOOTNOTES:

Tower cranes: to be paid the crane operator rate determined by the combined length of the mast and the boom. If the worker must climb 50 ft. or more to the work station, \$.25 per hour additional.

Derrick and cranes where the operator must climb 50 ft. or more to the work station, \$.25 per hour additional to the applicable crane operator rate.

POWER EQUIPMENT OPERATOR CLASSIFICATIONS

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GROUP 1: Crane with boom and jib or leads 400' or longer

GROUP 2: Crane with boom and jib or leads 300' or longer

GROUP 3: Crane with boom and jib or leads 220' or longer

GROUP 4: Crane with boom and jib or leads 140' or longer

GROUP 5: Crane with boom and jib or leads 120' or longer

GROUP 6: Regular crane operator, and concrete pump with boom operator

GROUP 7: Backhoe/Excavator/Trackhoe, bobcat/skid Loader, broom/sweeper, bulldozer, grader/blade, highlift, hoist, loader, roller, scraper, tractor & trencher

GROUP 8: Forklift & extend-a-boom forklift

GROUP 9: Oiler

IRON0025-019 03/01/2013

	Rates	Fringes
IRONWORKER		
REINFORCING.....	\$ 28.30	24.60
STRUCTURAL.....	\$ 33.29	25.34

IRON0025-022 04/01/2012

	Rates	Fringes
IRONWORKER STRUCTURAL (Metal Building Erection Only).....	\$ 23.39	21.13

LABO0259-002 08/01/2012

	Rates	Fringes
LABORER: Asbestos Abatement (Removal from Floors, Walls & Ceilings).....	\$ 26.04	12.64

LABO0334-005 07/01/2012

	Rates	Fringes
LABORER: Landscape & Irrigation		
GROUP 1.....	\$ 20.96	6.50
GROUP 2.....	\$ 16.74	6.50

CLASSIFICATIONS

GROUP 1: Landscape specialist, including air, gas and diesel equipment operator, lawn sprinkler installer, skidsteer (or

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equivalent)

GROUP 2: Landscape laborer: small power tool operator,
material mover, truck driver and lawn sprinkler installer
tender

LABO1191-002 06/01/2012

	Rates	Fringes
LABORER		
Common or General; Grade		
Checker; Mason Tender -		
Brick/Cement/Concrete;		
Pipelayer; Sandblaster.....	\$ 26.34	15.92

PAIN0022-003 07/01/2009

	Rates	Fringes
PAINTER: Brush and Roller.....	\$ 25.06	14.75
PAINTER: Drywall		
Finishing/Taping.....	\$ 25.75	15.90
PAINTER: Spray.....	\$ 25.86	14.75

PAIN0357-002 06/01/2012

	Rates	Fringes
GLAZIER.....	\$ 29.16	17.01

PAID HOLIDAYS: New Year's Day, Decoration Day, Fourth of
July, Labor Day, Thanksgiving Day and Christmas Day;
provided that the employee has worked the last full regular
scheduled work day prior to the holiday, and the first full
regular scheduled work day following the holiday, provided
the employee is physically able to work.

PLAS0067-001 07/17/2011

	Rates	Fringes
CEMENT MASON/CONCRETE FINISHER...	\$ 30.63	14.07

PLAS0067-004 07/17/2011

	Rates	Fringes
PLASTERER.....	\$ 30.63	14.07

PLUM0098-001 06/04/2012

	Rates	Fringes
PLUMBER, Excludes HVAC Pipe		
and Unit Installation.....	\$ 38.61	24.25

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PLUM0636-003 06/03/2013

	Rates	Fringes
PIPEFITTER, Includes HVAC Pipe and Unit Installation.....	\$ 39.76	24.90

ROOF0149-001 08/22/2011

	Rates	Fringes
ROOFER.....	\$ 28.76	18.47

SFMIO704-001 01/01/2013

	Rates	Fringes
SPRINKLER FITTER (Fire Sprinklers).....	\$ 40.91	21.01

SHEE0080-004 07/01/2011

	Rates	Fringes
SHEET METAL WORKER (Including HVAC Duct Installation; Excluding HVAC System Installation).....	\$ 33.96	24.33

SUMI2011-026 02/01/2011

	Rates	Fringes
INSTALLER - OVERHEAD DOOR.....	\$ 27.98	0.00
IRONWORKER, ORNAMENTAL.....	\$ 18.48	7.93
TRUCK DRIVER: Tractor Haul Truck.....	\$ 13.57	1.18

TEAM0247-001 06/01/2012

	Rates	Fringes
TRUCK DRIVER GROUP 1 Flatbed; Pickup; Dump & Tandem.....	\$ 25.69	a
GROUP 2 Semi.....	\$ 25.84	a
GROUP 3 Lowboy.....	\$ 25.94	a

PAID HOLIDAYS: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. If any of the above holidays fall on a Sunday, the following Monday shall be considered the holiday and, if work is

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performed, the rate shall be double time.

FOOTNOTE:

a. \$346.20 per week, plus \$53.00 per day.

WELDERS - Receive rate prescribed for craft performing operation to which welding is incidental.

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Unlisted classifications needed for work not included within the scope of the classifications listed may be added after award only as provided in the labor standards contract clauses (29CFR 5.5 (a) (1) (ii)).

The body of each wage determination lists the classification and wage rates that have been found to be prevailing for the cited type(s) of construction in the area covered by the wage determination. The classifications are listed in alphabetical order of "identifiers" that indicate whether the particular rate is union or non-union.

Union Identifiers

An identifier enclosed in dotted lines beginning with characters other than "SU" denotes that the union classification and rate have found to be prevailing for that classification. Example: PLUM0198-005 07/01/2011. The first four letters , PLUM, indicate the international union and the four-digit number, 0198, that follows indicates the local union number or district council number where applicable , i.e., Plumbers Local 0198. The next number, 005 in the example, is an internal number used in processing the wage determination. The date, 07/01/2011, following these characters is the effective date of the most current negotiated rate/collective bargaining agreement which would be July 1, 2011 in the above example.

Union prevailing wage rates will be updated to reflect any changes in the collective bargaining agreements governing the rates.

0000/9999: weighted union wage rates will be published annually each January.

Non-Union Identifiers

Classifications listed under an "SU" identifier were derived

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from survey data by computing average rates and are not union rates; however, the data used in computing these rates may include both union and non-union data. Example: SULA2004-007 5/13/2010. SU indicates the rates are not union majority rates, LA indicates the State of Louisiana; 2004 is the year of the survey; and 007 is an internal number used in producing the wage determination. A 1993 or later date, 5/13/2010, indicates the classifications and rates under that identifier were issued as a General Wage Determination on that date.

Survey wage rates will remain in effect and will not change until a new survey is conducted.

WAGE DETERMINATION APPEALS PROCESS

1.) Has there been an initial decision in the matter? This can be:

- * an existing published wage determination
- * a survey underlying a wage determination
- * a Wage and Hour Division letter setting forth a position on a wage determination matter
- * a conformance (additional classification and rate) ruling

On survey related matters, initial contact, including requests for summaries of surveys, should be with the Wage and Hour Regional Office for the area in which the survey was conducted because those Regional Offices have responsibility for the Davis-Bacon survey program. If the response from this initial contact is not satisfactory, then the process described in 2.) and 3.) should be followed.

With regard to any other matter not yet ripe for the formal process described here, initial contact should be with the Branch of Construction Wage Determinations. Write to:

Branch of Construction Wage Determinations
Wage and Hour Division
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

2.) If the answer to the question in 1.) is yes, then an interested party (those affected by the action) can request review and reconsideration from the Wage and Hour Administrator (See 29 CFR Part 1.8 and 29 CFR Part 7). Write to:

Wage and Hour Administrator
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

The request should be accompanied by a full statement of the interested party's position and by any information (wage

EXHIBIT L

payment data, project description, area practice material, etc.) that the requestor considers relevant to the issue.

3.) If the decision of the Administrator is not favorable, an interested party may appeal directly to the Administrative Review Board (formerly the Wage Appeals Board). Write to:

Administrative Review Board
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

4.) All decisions by the Administrative Review Board are final.

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END OF GENERAL DECISION

EXHIBIT M

SECTION 3 CLAUSE

24 CFR 135.38

(Per Section 14.11 above of this Agreement)

Every applicant, recipient, contracting party, contractor, and subcontractor shall incorporate, or cause to be incorporated, in all contracts for work in connection with Section 3 covered projects, the following clause (referred to as a Section 3 Clause):

1. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968 as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
2. The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
3. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference; shall set forth a minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
4. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
5. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 135.

6. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
7. With respect to work performed in connection with Section 3 covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (24 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (I) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

CITY OF DETROIT
SLAVERY ERA RECORDS AND INSURANCE DISCLOSURE AFFIDAVIT

1. Name of Contractor: Paradise Valley Real Estate Holdings, LLC
2. Address of Contractor: 479 C Edynwood, DET Mich 48201
3. Name of Predecessor Entities (if any): N/A
4. Prior Affidavit submission? ☒ No ☐ Yes, on: _____
(Date of prior submission)
- If "No", complete Items 5 and 6.

If "Yes", list date of prior submission above, go to Item 6 and execute this Affidavit.

5. ☐ Contractor was established in 2012 (year) and did not exist during the slavery era in the United States, is not a successor in interest to any entity that existed during such time, and therefore has no relevant records to search, or any pertinent information to disclose.

☐ Contractor has searched their records and those of any predecessor entity, and has found no records that they or any predecessor(s) made any investments in, or derived profits from the slave industry or from slave holder insurance policies.

☐ Contractor has found records that they or their predecessor(s) made investments in, or derived profits from, the slave industry or slave holder insurance policies. The nature of the investment, profits, or insurance policies, including the names of any slaves or slave holders, is disclosed in the attached document(s).

6. I declare that the representations made in this Affidavit are accurate to the best of my knowledge and are based upon a diligent search of records in the Contractor's possession or knowledge. All documentation attached to this Affidavit reflects full disclosure of all records that are required to be disclosed to the City of Detroit. I also acknowledge that any failure to conduct a diligent search, or to make a full and complete disclosure, shall render this contract voidable by the City of Detroit.

Hiram E. Jackson (Printed Name) CEO Managing Partner (Title)

[Signature] (Signature) 7/11/13 (Date)

Subscribed and sworn to before me
this 11 day of July

KRISTEN WALKER
Notary Public, WAYNE County, Michigan
My Commission expires: 02/05/2017

[Signature]

Hiring Policy Compliance Affidavit

I, Hiram E. Jackson, being duly sworn, state that I am the CEO, Managing
Partner of Paradise Valley Real Estate Holdings, LLC
Title Name of Bidder Corporation or Other Business Entity

and that I have reviewed the hiring policies of this employer. I affirm that these policies are in compliance with the requirements of Article V, Division 6 of the Detroit City Code of 1984, being Sections 18-5-81 through 18-5-86 thereof. I further affirm that this employer will not inquire or consider the criminal convictions of applicants for employment needed to fulfill the terms of any City contract that may result from the competitive procedure in connection with which this affidavit is submitted, until such times as the employer interviews the applicant or determines that the applicant is qualified.

In support of this affidavit, I attach a copy of the application form that will be used to hire employees needed to fulfill the terms of any City contract that may result from the competitive procedure in connection with which this affidavit is submitted.

SIGNED,

Title:

Date:

STATE OF MICHIGAN)
) SS
COUNTY OF WAYNE)

The foregoing Affidavit was acknowledged before me the 11 day of July,
2013, by HIRAM E. JACKSON.

Notary Public, County of WAYNE

State of MICHIGAN

My commission expires: 2/05/2017

[Signature]

Hiring Policy Compliance

Summary

City of Detroit Ordinance No. 29-11 approved by the City Council on November 22, 2011 amends, the City's Purchasing Ordinance, Chapter 18 of the 1984 Detroit City Code, *Finance and Taxation*, Article V, *Purchases and Supplies*, by adding Division 6, *Criminal Conviction Questions for City Contractors*, which consists of Sections 18-5-81, 18-5-82, 18-5-83, 18-5-84, 18-5-85 and 18-5-86. This added language provides for prohibiting City contractors from inquiring regarding criminal conviction questions for applicants to fulfill City contracts until the contractor interviews the applicant or determines the applicant is qualified. It further provides for certain exceptions to the prohibition and requires City contractors to submit an affidavit with a copy of their application to make bids or proposals. Bids which do not comply with this division are deemed non-responsive and the City is permitted to deem contractor(s) in breach.